2002 Annual Report

A proud **History** *A bright* **Future**

Manitoba
Public Insurance

Our Mission

Protecting Manitobans from the human and economic cost of automobile accidents

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Selected highlights of this Annual Report are available in French at **www.mpi.mb.ca**.
Les grandes lignes du rapport sont présentées en français dans le site **www.mpi.mb.ca**.

103-06166/

Corporate Values

At Manitoba Public Insurance we value...

Our Customers

Our customers' interests come first. We serve the automobile insurance needs of Manitoba's motorists based on trust, fairness, honesty and integrity with a commitment to the highest ethical standards and excellence in service. We will always place the legitimate needs of our customers ahead of those of our own.

Our People

Our people are encouraged and helped to succeed. We will provide a positive and safe environment where our staff are well-trained, confident and committed to the Corporate Mission. We will provide our people with direction which is clear and consistent. Our people will have the authority that they need to do their jobs, a sense of achievement from their work, and the opportunity for career growth and advancement.

Working Together

We will work co-operatively with each other and with our business associates, sharing information, ideas and resources. Each of us, in our daily work, will create a team environment, drawing on one another to do the best job possible. All communications will be forthright, accurate and honest.

Financial Responsibility

Manitoba Public Insurance holds the funds of its policyholders in trust to meet the needs of our customers. Manitoba Public Insurance will manage all of its operations, including the investment of these funds, effectively for the long-term benefit of its policyholders.

Excellence & Improvement

Our customers' needs and the business environment in which we operate continue to change and so must we. Our task is to constantly improve our products, services and procedures. We will demonstrate initiative, creativity and a strong desire for personal, team and corporate success in everything we do. Excellence and improvement in our work are recognized and rewarded.

Community Involvement

We encourage our people to participate actively in their communities.

Our Corporate Citizenship

We will provide leadership to the people of Manitoba by conducting our affairs responsibly and professionally, demonstrating concern for and commitment to our society and the future of our province.

April 24, 2003

Honourable Gordon Mackintosh
Minister Responsible for the Manitoba Public Insurance Corporation
Room 104, Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister:

In accordance with Section 43(1) of The Manitoba Public Insurance Corporation Act, I have the honour of submitting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2003.

Respectfully submitted,

Shari Decter Hirst
Chairperson of the Board

Manitoba Public Insurance

April 24, 2003

The Honourable Peter Liba
Lieutenant-Governor of the Province of Manitoba
Room 235, Legislative Building
Winnipeg, MB R3C 0V8

May it please your honour:

I have the privilege of presenting the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ended February 28, 2003.

Respectfully submitted,

Minister of Justice Gordon Mackintosh
Attorney General and the
Minister Responsible for
Manitoba Public Insurance

Manitoba

(*Unless otherwise indicated, the following are 2002/2003 fiscal year totals, covering the period March 1, 2002 to February 28, 2003.)

"Dollars and Cents"

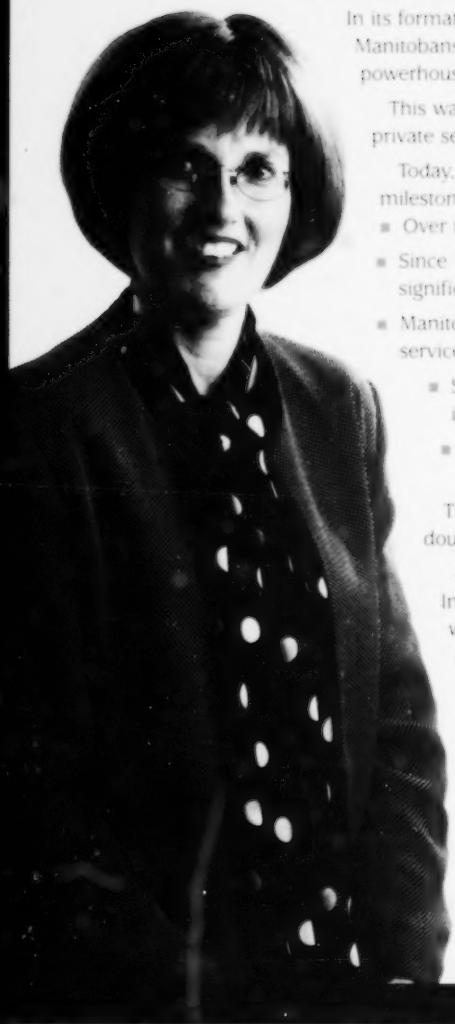
Approximate Autopac claims incurred costs per working day:	$2.0 million
Total Autopac claims costs for injury and property damage, respectively (before expenses):	$199.6 million and $306.8 million
Amount paid by Manitoba Public Insurance to Manitoba medical practitioners on behalf of customers:	$21.2 million
Commissions paid by Manitoba Public Insurance to independent insurance brokers for product sales:	$41.5 million
Grants-in-lieu of taxes paid to Manitoba municipalities by Manitoba Public Insurance:	$939,000
Provincial premium taxes paid by Manitoba Public Insurance (2002 calendar year):	$19.1 million
Estimated savings to policyholders through use of recycled parts:	$9.9 million
Estimated direct savings realized through anti-fraud, anti-crime activities:	$5.0 million
Estimated direct savings to policyholders through subrogation:	$9.7 million
Dollars invested in road safety programs:	$7.7 million

"Significant Numbers"

Average number of Autopac claims reported to Manitoba Public Insurance per working day:	913
Total Autopac claims reported:	227,259
Bodily injury claims reported:	15,421
Property damage claims reported:	211,838
Total theft claims reported in Winnipeg:	9,132
Total theft claims reported elsewhere in province:	1,987
Independent Autopac broker outlets, as of February 28, 2003:	318
Calls taken by the Autopac Line:	750,181
Number of Autopac policies in force (2002 average):	809,223
Licensed drivers in Manitoba in 2002:	715,793
Average weekly visits to www.mpi.mb.ca:	6,491

Five Year Statistics	2002	2001	2000	1999	1998
Basic, Extension and SRE*					
Premiums Written ($000)	641,471	595,171	539,054	529,694	502,320
Claims Incurred ($000)	534,594	503,089	431,430	399,301	392,314
Number of Claims	227,259	239,753	226,968	207,202	191,802
Average Cost per Claim ($)	2,352	2,098	1,901	1,927	2,045
Claims Expenses ($000)	67,256	65,491	58,741	60,081	54,007
Other Expenses ($000)	108,922	98,298	99,847	99,569	94,553
Income (loss) ($000)	(22,794)	(16,492)	46,628	50,911	39,908
Total Corporation					
Investments at Year End ($000)	1,263,090	1,168,865	1,154,983	1,054,824	963,081
Total Assets ($000)	1,558,435	1,431,476	1,402,456	1,284,017	1,187,503

*Excludes Discontinued Operations



As Manitoba Public Insurance reflects with pride on its past, we look to the future with confidence.

In its formative years more than three decades ago, few would have dreamed that the handful of dedicated Manitobans who got this organization up and running would grow Manitoba Public Insurance into the economic powerhouse that it is today.

This was a corporation born out of controversy. While some said Manitobans were not being well served by the private sector, others believed ideology drove the move to public auto insurance.

Today, Manitobans can judge for themselves. Since 1971, the corporation has achieved some significant milestones, including:

- Over three decades, insurance rates in Manitoba have increased at a rate lower than inflation.
- Since 1971, Manitoba Public Insurance has invested $1.6 billion in provincial bonds and debentures, including significant investments in schools, hospitals and community centres.
- Manitoba Public Insurance has developed two provincewide information systems to provide broker and claims service to all Manitobans.
- Standards have been established to ensure that automobiles in Manitoba are repaired to the highest international standards ensuring that safety comes first.
- Manitoba has developed a safety-conscious environment where road safety education begins in day-care and follows right through to High School Driver Education and beyond to senior driver training.

Throughout Canada our system has become a model. Consumers in other provinces, fatigued by double-digit rate increases, are now demanding governments examine Manitoba's model.

As we enter our fourth decade of serving Manitobans we recommit ourselves to Manitoba Public Insurance's founding principles and a set of values that ensure we do not lose sight of what we do and whom we serve. We remain dedicated to a fair and transparent approach to auto insurance—one that does not discriminate based on age, gender or marital status, and is open to all Manitobans.

This report reflects the achievements of our employees past and present. Today, as we reap the benefits of that visionary leap of faith, we can all be proud of this made-in-Manitoba solution.

On behalf of my fellow board members, I would like to thank our business partners as well as management and staff of Manitoba Public Insurance for their support.

Shari Decter Hirst
Chairperson

Manitoba Public Insurance Board of Directors

Jack Zacharias | Shari Decter Hirst (Chairperson) | Annette Maloney | Daryl Reid | Andrew Clarke | Ed Arndt | Manisha Pandya | Kerry Bittner | Paul Mc

A major test for any insurance company is what it can do for its customers during difficult times.

At Manitoba Public Insurance, we are proud of our 30-year history of delivering comprehensive coverage at an affordable cost and supported with outstanding service.

Throughout Canada, 2002 was a very difficult year for insurance companies. Rising claims costs and a slumping investment market reduced the industry's rate of return to 1.6 per cent—the worst in history.

The private sector responded with double-digit rate hikes averaging 13.1 per cent across Canada, according to Statistics Canada. In Manitoba, rates increased just 1.8 per cent while independent studies continued to show the province had the lowest cost auto insurance.

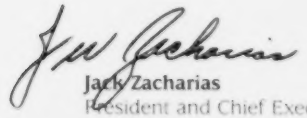
This doesn't mean Manitoba Public Insurance escaped the pressures affecting other insurers. Claims costs continue to rise and investment income declined leading to a net loss in 2002 of $22.6 million—the second consecutive year the corporation reported a modest loss. Our goal is to break even over the long-run, so we can offer insurance at cost. We take pride in maintaining our operating costs at less than 50 per cent of the Canadian industry average and in returning at least 85 cents of every Basic premium dollar to customers in the form of benefits. Meeting these success factors ensures Manitobans pay less than what private companies charge for comparable coverage.

We take our obligation to manage risks for the benefit of all our policyholders seriously. Rather than increasing rates, we have looked to find efficiencies and challenged ourselves and suppliers to do more for less.

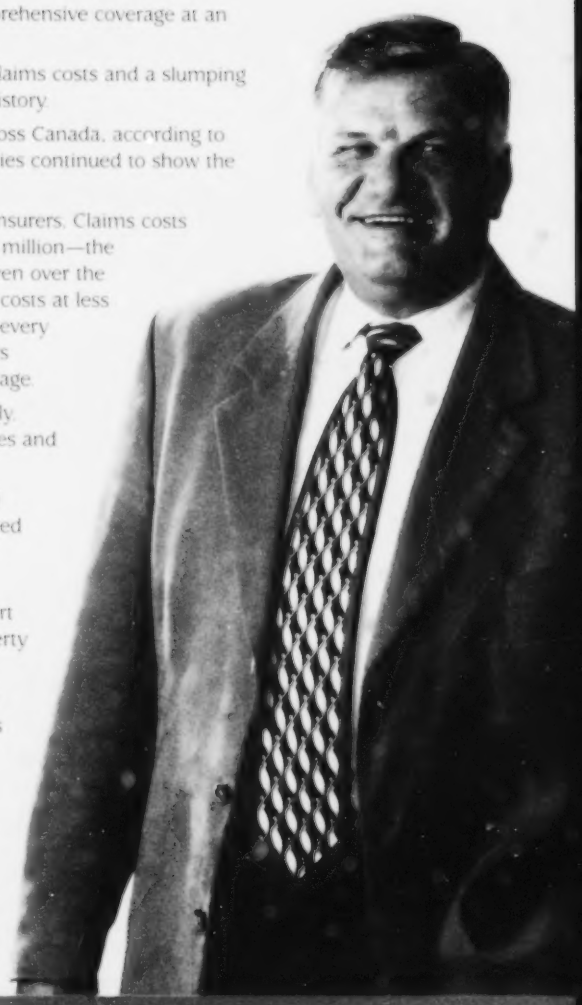
While other insurers pulled out of markets or denied coverage to some, we protect all motorists and every Manitoban injured in a vehicle accident. While other insurers reduced service and closed facilities, we continue to invest in Manitoba communities. Our loss prevention programs reduce the average premium by nearly 10 per cent annually.

While our 2002 investment income was lower than in the past, a Towers Perrin report showed our one-year performance was better than 85 per cent of other Canadian property and casualty insurance companies.

We acknowledge that our business and community partners play a significant role in our success and I recognize that Manitoba Public Insurance's true strength lies within its dedicated employees. This report reflects their past accomplishments and points to the promise of the future as we honour three decades of service.



Jack Zacharias
President and Chief Executive Officer



Manitoba Public Insurance Executive

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Vice-President
Human
Resources

John Douglas
Vice-President
Corporate
Public Affairs

Marilyn McLaren
Vice-President
Corporate
Insurance
Operations

Barry Galenzoski
Vice-President
Corporate Finance
Chief Financial
Officer and Chief
Administration Officer

Wilf Bedard
Vice-President
Corporate
Claims

Kevin McCulloch
Vice-President
Corporate Legal
General Counsel
and Corporate
Secretary

Jack Zacharias
President
and Chief
Executive
Officer

Clarke Campbell
Vice-President
Corporate Information
Technology and
Chief Information
Officer

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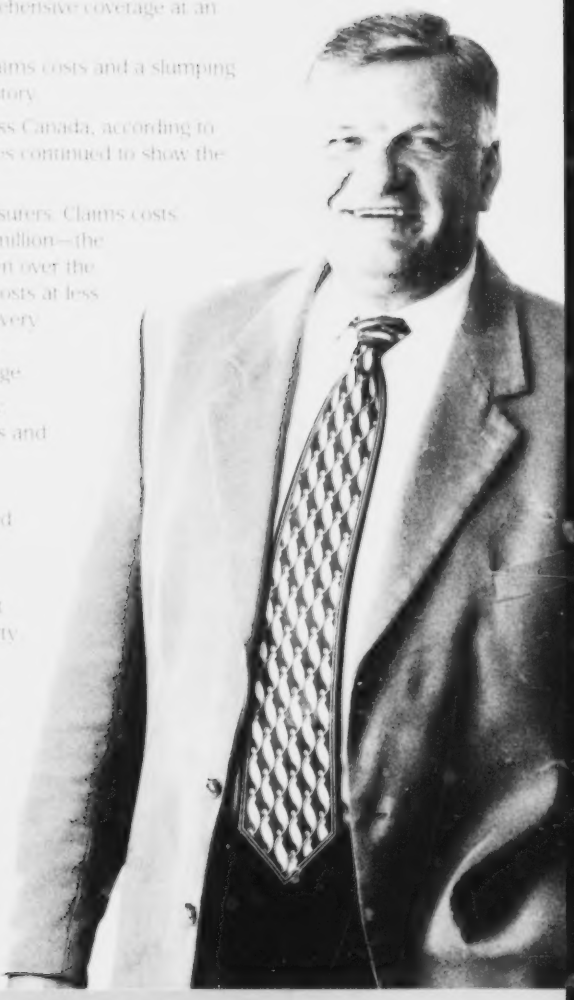

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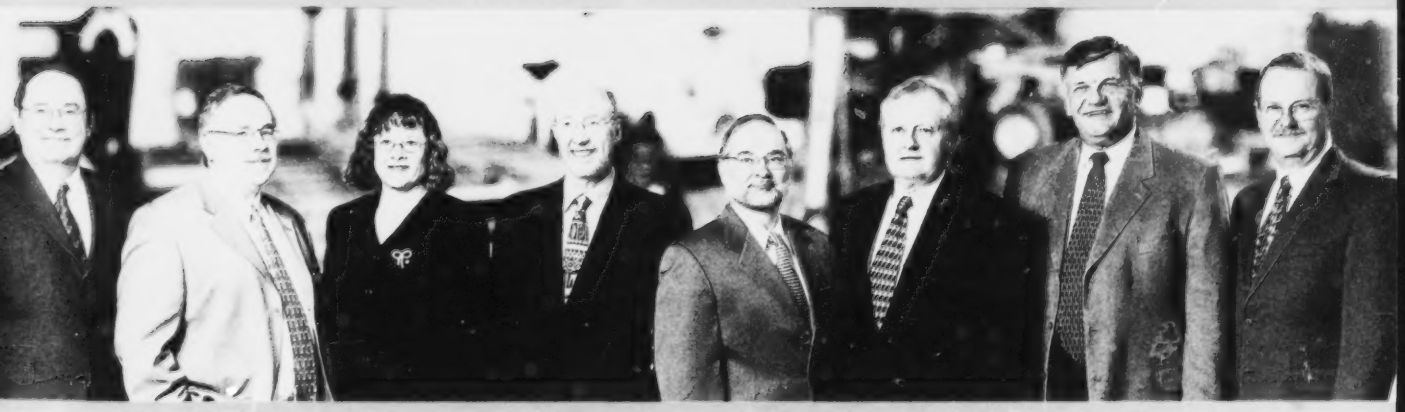

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30th Anniversary

The case for public auto insurance

It was daring, it was innovative, it was controversial. In 1969, Manitobans began hearing the words "public" and "automobile insurance" mentioned together. Today, as Manitoba Public Insurance heads into its fourth decade, it is being held up as a model in Canada for providing universal, comprehensive, low-cost auto insurance.

Automobile insurance in Manitoba was a mess in the 1960s. Driven by higher costs in cities like Toronto and Montreal, rates were increasing rapidly and higher-risk drivers were being denied coverage. As costs increased, so did the number of Manitobans driving without insurance, exposing everyone to greater risk.

In response, the newly elected government of Ed Schreyer (left) created the Manitoba Automobile Insurance Committee in 1969. Its mandate was to review the options for improving auto insurance accessibility and rates in Manitoba.

The idea was radical and new. Public opinion was divided. Some Manitobans had trouble seeing the need for such wholesale change and government intervention. There were concerns about the cost under a government-run system and private insurance companies stirred the pot with fears of job losses.

For months the committee investigated the current system and compared the situation with the only other Canadian public insurer in existence at the time—Saskatchewan Government Insurance. The committee listened to Manitobans and, after extensive public

Company milestones

The Manitoba Public Insurance Corporation opened its doors for business on November 1, 1971. Our first office was located at 430 Edmonton Street in Winnipeg's downtown and was staffed with 108 people. Thirty years later, we are proud to be one of the largest employers in Manitoba, with more than 1,300 employees. We provide service through 23 Claim Centres and two Customer Service Centres in 13 communities across the province.

Manitoba Public Insurance is open for business.

Flin Flon and The Pas Claim Centres open.

South Central Claim Centre (Pembina Hwy at Garwood) opens for business on April 28.

Ce

1971 — 1972 — 1973 — 1974 — 1975 — 1976

King St., King Edward St., and St. Mary's Rd. Claim Centres are officially opened.

Claim Centres in Brandon, Dauphin, Portage la Prairie, Selkirk, Steinbach, and Thompson open.

Mobile claims services operating out of Selkirk office established to service surrounding areas.

Selkirk's ne drive-in claim cent completes

hearings, it recommended a mandatory public automobile insurance program universally available to all Manitoba vehicle owners, administered by a Crown corporation.

With its recommendation, the committee presented a list of goals that such a corporation should achieve. These became the founding objectives of the Manitoba Public Insurance Corporation:

- Operate as a financially self-sufficient agency.
- Offer compulsory, universal insurance.
- Return at least 85 per cent of premium revenues in the form of benefits.
- Operate at a lower cost than private insurers.
- Offer lower rates than private insurers.
- Provide coverage comparable or superior to that in other provinces.
- Make insurance services readily available to Manitobans.
- Invest significantly in Manitoba and earn a yield comparable to that earned by private insurers.
- Pursue traffic safety programs.

The company was born with the passing of *The Automobile Insurance Act* in 1970 but there was a lot of work to do before Manitobans could start buying policies.

A group of individuals hired from a variety of insurance backgrounds quickly came together to establish a framework that would become a public auto insurance system for Manitobans.

The product would be called Autopac and the distribution system would be Manitoba's network of professional private insurance brokers. The learning curve would be steep because this was a new product, but brokers and staff of this fledgling organization were up to it.

With Howard Pawley, then Minister of Municipal Affairs, at the helm, Manitoba Public Insurance ushered in a new era of automobile insurance on November 1, 1971.

Every day since, the people of Manitoba Public Insurance have strived to meet those founding objectives, providing all Manitobans with comprehensive coverage at an affordable price and supported with superior customer service.

Doug Shotton (Thompson Claim Centre)

Autopac broker training (Dauphin, August 1971)

Howard Pawley

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Dial-a-Claim service introduced in Winnipeg in October.

During the first three weeks of October, 75 per cent of claims are reported via Dial-a-Claim.

Road Safety program created.

ALIVE safety initiative introduced to raise public awareness of road safety issues.

Drive-in claim centres added to Thompson and Winkler offices.

Automobile Insurance Division establishes Rehabilitation Unit within its Bodily Injury Claim Centre.

977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986

Swan River Claim Centre opens.

July 14, Portage la Prairie drive-in claim centre opens.

On Nov. 1, administrative offices are moved to Eaton Place.

Office site in Flin Flon purchased to replace rented facilities.

Fifth Winnipeg drive-in claim centre opens at 1103 Pacific Ave.

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30 Congratulations
years of service

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Brenda Behlke

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Gerry Dubuc
Bill Edgar

Ron Genyk
Al Gray
Dale Gray

Lynn Kulbaba
Wayne Kulbaba
Paul Lapointe
Ross Mann

Marta Perkins
Bev Rempel
Richard Santa

1987 — Responsibility for the High School Driver Education program transferred to us from the Department of Highways and Transportation.

1988 — Merit Discount Program created. The 1988 Autopac renewal is one of the busiest on record for employees, primarily because of the introduction of the popular new program.

1989 — Public Utilities Board review of Basic Autopac rates initiated.

1990 — The Physical Damage Centre opens at Plessis Rd.

1991 — Arborg and Beausejour Claim Centres open.

1992 — Designated Driver Program is launched.

1993 — Casualty and Rehabilitation Claim Centre opens in Eaton Place.

1994 — Personal Injury Protection Plan (PIPP) is introduced.

1995 — Call Centre opens.

1996 — RoadWise safety strategy introduced

Harry Budgell
George Clay

Bryan Frederickson
Barry Galenzoski
Tom Gatherum
Don Gaudry

Lyle Kjartanson
Roberta Kowaluk
Will Kukelko

Diane Marshall
Ian McCaig
Dave McConnell
Dick Mulholland

Lynda Walker
John Walters
Howard Wiebe
Jack Zacharias

Roslyn Buck, Jim Johnson (not pictured)

For more than 30 years, our people have been our strength

In these pages, we pay tribute to those pioneering individuals who cast their lot with this unproven company during its very first year, and who have celebrated three decades of service during the 30th anniversary of Manitoba Public Insurance.

As time passes, it may be easy to forget the sacrifices made to bring Manitoba Public Insurance into existence and to help it flourish. The belief these people shared—that a public auto insurance system was better for Manitobans—has held strong for more than three decades. Their vision and commitment led to many impressive accomplishments in which they can take great pride.

These individuals worked through adversity as Manitoba Public Insurance struggled to win public acceptance and they stayed with the company to become the backbone of a strong and prosperous organization that benefits their fellow Manitobans.

Thank you for being with us every step of the way!

1997 — Medex Unit created.

1998 — Anti-fraud activities by our Special Investigation Unit continue to save more than $3 million a year.

1999 — The Fair Practices Office is established to examine policies, procedures and legislation that affect customers.

2000 — Customers receive a one-time 16.6 per cent surplus distribution.
Our web site is launched www.mpi.mb.ca

2001 — Customer Service Centre opens on the main floor of Eaton Place.

2002 — Curriculum-linked road safety education is introduced in Manitoba schools.

A bright future

We are a forward-thinking organization, continuing to work hard to find safer and more cost-effective ways to repair vehicles and to help Manitobans injured in automobile accidents get back to their lives as quickly and completely as possible.

We look forward to meeting the future with the same enthusiasm, dedication and vision that marked Manitoba Public Insurance's first 30 years.

years of service

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These individuals worked through adversity as Manitoba Public Insurance struggled to win public acceptance and they stayed with the company to become the backbone of a strong and prosperous organization that benefits their fellow Manitobans.

Thank you for being with us every step of the way!

Medex Unit created.

Anti-fraud activities by our Special Investigation Unit continue to save more than $3 million a year.

Customers receive a one-time 16.6 per cent surplus distribution.

Our web site is launched www.mpi.mb.ca

Curriculum-linked road safety education is introduced in Manitoba schools.

1997 ■ 1998 ■ 1999 ■ 2000 ■ 2001 ■ 2002

The Fair Practices Office is established to examine policies, procedures and legislation that affect customers.

Customer Service Centre opens on the main floor of Eaton Place.

A bright future

We are a forward-thinking organization, continuing to work hard to find safer and more cost-effective ways to repair vehicles and to help Manitobans injured in automobile accidents get back to their lives as quickly and completely as possible.

We look forward to meeting the future with the same enthusiasm, dedication and vision that marked Manitoba Public Insurance's first 30 years.

Like Autopac brokers across Manitoba, Gerry Corrigal of McElhoes & Duffy Insurance Brokers provides customers with affordable coverage that suits their specific needs.

Keeping rates low and protection high primary goals at Manitoba Public Insurance

Manitoba Public Insurance began its operations more than 30 years ago with an ambitious mandate: to deliver comprehensive automobile insurance at competitive rates. Independent studies confirm that Manitobans continue to enjoy among the lowest rates in Canada for coverage that is second to none.

Auto insurance surged to the top of the national public agenda in 2002 as consumers in most regions were hit with double-digit rate increases and the private sector refused to insure certain drivers.

Politicians responded by ordering freezes, reducing coverage and looking to Manitoba's public insurance model for possible solutions.

In the Atlantic provinces, government commissions have investigated the price and accessibility of private auto insurance. Politicians from all parties joined consumer and seniors groups calling for the examination of a public auto insurance scheme for the region.

In Ontario, the government announced a series of medical coverage limitations that provided consumers with less protection for higher rates. The changes were an attempt by that government to stem double-digit price increases and provide some rate stability in the country's largest market.

In Alberta, the government discussed bringing in no-fault insurance after price increases reached more than

Rates compared to Manitoba Consumer Price Index

In the 30 years Manitoba Public Insurance has been in business, the average cost of auto insurance here has risen at a rate lower than the provincial inflation rate, while the benefits and protection we offer have become more comprehensive.

Automobile insurance rates across Canada

Driving and rating criteria

- 2001 Ford Taurus SE 4-door
- 45-year-old driver
- Six years claim-free driving
- All-purpose use
- $200 deductible
- $1 million third-party liability

Comparison provided by Runzheimer Canada. Rates as of June 6, 2002.

30 per cent. Despite $5,000 fines for driving without insurance, the number of drivers without coverage reached record levels, costing taxpayers $33 million in 2002.

Manitoba remained a safe port from all this turmoil. Manitoba Public Insurance can offer superior coverage and lower rates because our mandate is to offer insurance at cost. We strive to maintain our operating costs at less than 50 per cent of the Canadian industry average and, because we are a public insurer, we are able to use all of our investment income to reduce the cost of each Autopac policy.

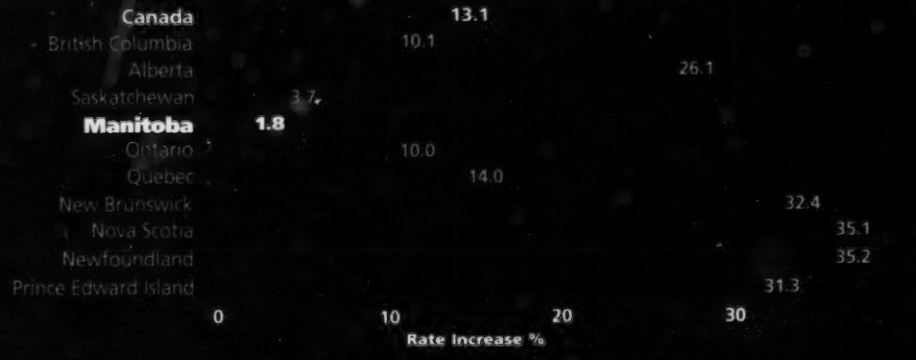
Our goal is to ensure most premium dollars collected are paid out to Manitobans in the form of claims benefits. Over the last five years, the corporation has consistently paid out more than 90 cents of every dollar in claims benefits—consistently better than the industry average of 73 cents.

Meeting these success factors is not a guarantee that rates will never increase—claims costs will drive that. But it does help to ensure that Manitobans will continue to benefit from the lowest and most stable rates possible. In 2002, provinces throughout Canada recognized that.

Average annual change in provincial premiums

Auto insurance rates across Canada increased an average of 13.1 per cent in 2002. In Manitoba, an overall increase of 1.8 per cent was related to optional coverages.

Source data for chart: Statistics Canada Catalogue No. 62 – 001 – XPB, The Consumer Price Index, 2002. From the CPI basket component that tracks insurance premiums based on a four-year-old vehicle.



2002 Competitive Rates

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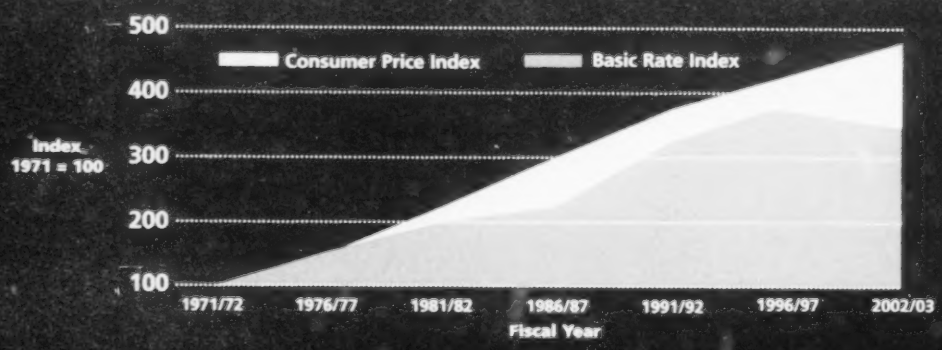

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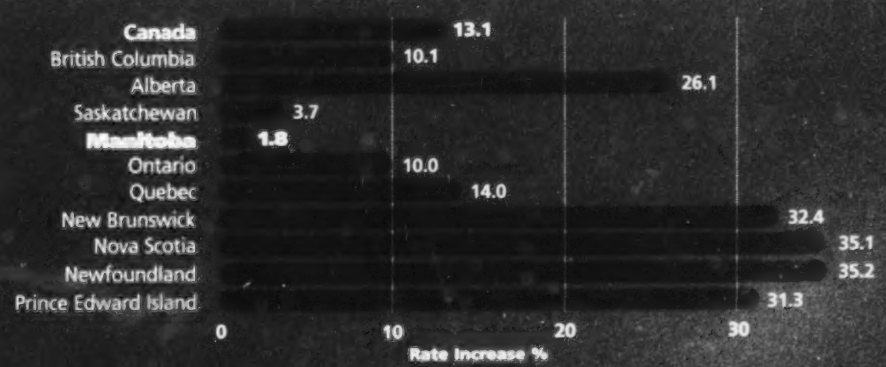

Steve Trudey (left) and Gary Kemash of our Training and Research team work hard to stay abreast of what's happening within the automotive industry.

Staying on top of technology helps lower costs and ensures top quality repairs

Finding ways to repair cars safely and cost-effectively provides savings shared by all our policyholders. The expertise and dedication of our Training and Research department play a significant role in helping us keep our promise to provide Manitobans with lower rates than private insurers.

In 1971, cars were pretty basic pieces of machinery. The designs of North American automakers were similar and tended to stay that way for quite a while due to the high cost of automotive redesign and engineering.

With time came change. Domestic automakers no longer dominated national markets, as there was growing competition from Japanese and European automakers. Government regulation also produced new challenges that required the development of components relating to passenger safety, fuel-efficiency and lighter-weight materials.

Change also increased costs. This translated into higher insurance rates and at Manitoba Public Insurance we knew that if we were going to keep costs under control, we must find ways to develop loss prevention programs that would offset higher parts and labour costs.

Today, computer-assisted design technology allows automotive engineers greater scope to innovate and re-engineer. That means car models can change dramatically from one year to the next, making it tougher for auto repair technicians to keep on top of technological advances.

Adhesive research proves better fix

Although the repair industry knew adhesives reduced labour costs and offered improved corrosion resistance, there were concerns within the industry about durability and how the adhesive bond would affect the crash performance of a repaired vehicle. These uncertainties meant that insurance companies were reluctant to approve adhesives as a repair method.

A study was undertaken by our Training and Research department in partnership with three adhesive manufacturers to:

Our Training and Research department works hard to stay on top of what is happening within the automotive industry. We're involved in researching new repair techniques, specializing in the safety of structural repairs and the quality and durability of refinishing and mechanical repairs.

Maintaining training in up-to-date repair techniques and networking with a variety of professionals in the auto body field provide the department with the opportunity to share information with business partners and staff, as well as integrating it into the training we provide to auto body professionals.

To help ensure vehicles are repaired to international safety standards, we partner with the Inter-Industry Conference on Auto Collision Repair (I-CAR) to deliver training to auto repair shops. We maintain one of two I-CAR certified training centres in the province and the teaching expertise of our Training and Research staff has been recognized by I-CAR.

We are committed to I-CAR standards as the basis of our body shop accreditation program, which provides motorists with guaranteed quality repairs. Along with our own Autopac claim centres, there are 305 I-CAR Gold Class certified shops in Manitoba, representing more than half the Gold Class certified shops in Canada.

In 2002, the Canadian industry recognized our partnership with the auto body industry as a model that could be used throughout the country.

As the sole provider of automobile insurance in Manitoba, we are the insurer of both vehicles in most accidents. This means we are able to collect data from the real world of the crashes we investigate. We can examine both vehicles from a collision to learn more about the nature of the crash and how specific vehicle components work in those situations.

Because of the large volume of claims we handle, we can also spot trends that may lead to the discovery of manufacturing or product defects. For example, in the late 1990s we discovered that several fires in Ford vehicles had been caused by a defective ignition block. Our finding resulted in the manufacturer recalling over one million vehicles and allowed us to recover more than $1.5 million in costs from claims we had paid out related to that defect.

Vehicle repair cost comparison

While advances in automotive design and engineering have made automobiles more crash-worthy, comfortable and fuel-efficient, the financial impact of this technological advancement has been substantial.

For example, the purchase price of a new Chevrolet Impala sedan was almost 6.5 times more in 2001 than it was in 1971. In addition, basic replacement part prices have nearly quadrupled during the same period.

These dramatic price increases have sent claims repair costs, and consequently premium rates, spiralling for auto insurers.

1971 Chevrolet Impala MSRP $3,800		2001 Chevrolet Impala MSRP $24,430
$ 133	Front bumper	$ 534
180	Fender	350
207	Hood	708
178	Radiator	528
313	Steering gear	704
40	Headlight	380
147	Rear bumper	534
60	Tail light	305
262	Trunk lid	707
45	Wheel	749
$ 1,565	**Total**	$ 5,499

- identify the time-savings offered by using adhesives;
- compare the fit and appearance of adhesive-joined panels to factory-installed panels;
- evaluate the crash performance of adhesive bonded roof panels; and
- assess the durability of the bonded joint.

After replacing the test-vehicle roofs, researchers determined that the adhesive process yielded a finished repair that had the same appearance as a factory-installed panel. They also found that using the adhesive bonding method shaved about eight hours off the average repair time—taking about half the time required for the traditional welded repair to a panel.

Finally, the test cars were put through what is considered a severe frontal crash at 65 kilometres an hour. Each time, the adhesive stayed in place.

The conclusion that adhesive bonding of the roof skin offers a superior alternative to welding led General Motors Corp. to issue performance guidelines for the use of adhesives in aftermarket repairs in May 2002.

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Senior Case Manager Shirley Prieston delivers services to claimants in the Thompson region that best meet their individual needs.

The Personal Injury Protection Plan: there when you need it, for as long as it's needed

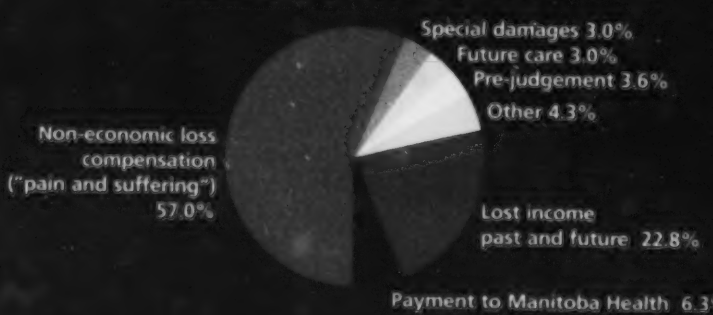
Since 1994, Manitoba Public Insurance has provided injury benefits to all Manitobans through the Personal Injury Protection Plan (PIPP), which ensures vehicle accident victims receive the best care and treatment, as well as lifetime guaranteed compensation for financial loss.

When Manitoba Public Insurance began offering insurance protection in 1971, injury benefits were primarily delivered through a tort-based compensation system. By its very nature, the system was adversarial, requiring negotiated settlements and sometimes court action. It often took years to reach an agreement and for all benefits to flow. The system also left many accident victims with little or no compensation.

The plan also proved costly because injury awards were not related to financial loss or medical treatment. In fact, 80 per cent of injury claims were settled for less than $10,000. Of this group, 80 per cent of the payments were for "pain and suffering," despite the fact the person didn't have to see a doctor or miss a day of work. Escalating costs for relatively minor injury claims, like whiplash or bruising, were preventing the company from enhancing the benefits paid to those who had suffered more severe injuries and were most in need of financial support and assistance. The plan was also leading to significant premium increases for all Manitoba motorists.

The Government of Manitoba responded by introducing a no-fault compensation scheme first recommended by the

Distribution of tort costs (pre-1994)


Special damages 3.0%
Future care 3.0%
Pre-judgement 3.6%
Other 4.3%
Non-economic loss compensation ("pain and suffering") 57.0%
Lost income past and future 22.8%
Payment to Manitoba Health 6.3%

Until 1994, Manitobans were covered by a tort-based insurance system under which:

- Limited accident benefits were paid to all injured parties on a no-fault basis.
- Motorists who were not at fault could sue for additional compensation.
- At-fault motorists received only very limited accident benefits.

Manitoba Automobile Insurance Committee in 1969. The program was designed to:

- ensure anyone injured in an automobile accident would receive benefits whether they caused the accident or not;
- eliminate delays in benefits;
- direct more funding to people with more severe injuries; and
- help stabilize injury-related costs, and therefore Autopac rates.

The Personal Injury Protection Plan (PIPP) was introduced in 1994 to protect all Manitobans injured in automobile accidents anywhere in Canada or the United States. The plan offers a comprehensive coverage menu that provides a host of benefits when economic loss can be demonstrated. It eliminated payments for non-economic losses.

The program also ushered in a new supportive, non-adversarial case management model built around a team approach. Manitoba Public Insurance case managers would work with accident victims as well as medical and rehabilitation personnel, employers and other support agencies to develop a strategy to assist in recovery.

Unlike some other systems, there are no lifetime limits on medical, rehabilitative or personal care. PIPP benefits are available for as long as they are needed and are indexed to inflation to ensure they continue to provide the needed compensation. To ensure Manitobans get all the benefits they are entitled to, Manitoba Public Insurance has developed a comprehensive guide that explains the rights and benefits in plain language. Customers who feel they have not received everything they are entitled to can appeal coverage decisions to an internal review office or to an outside appeal commission whose decisions are binding.

It's a program that earned Manitoba Public Insurance the reputation as a leader in the insurance industry and provides Manitobans with an injury compensation plan that is one of the best in North America.

Personal Injury Protection Plan (PIPP) injury coverage for all Manitobans

PIPP extends coverage to all Manitoba residents injured in automobile accidents anywhere in Canada or the United States. Manitobans are protected from financial losses they may suffer due to injury or death resulting from an automobile accident, regardless of who is at fault. This is known as "no-fault" insurance.

An injured person may qualify for several of the following coverages. For instance, a severely injured person will be compensated for lost earnings, receive rehabilitation, have personal assistance paid for and receive an additional lump sum for the permanence of their injury.

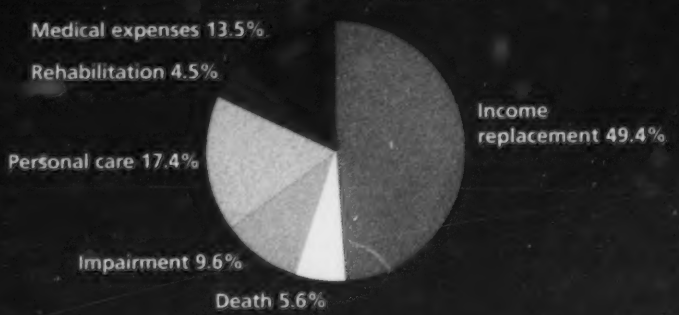
PIPP provides:

- Income Replacement
- Retirement Income
- Medical and Personal Expenses
- Rehabilitation Expenses
- Personal Assistance Expenses
- Death and Funeral Payments
- Student Indemnity
- Caregiver Indemnity
- Permanent Impairment Payment

PIPP was established in 1994 and is designed to:

- Act with the best interests of the injury victim in mind.
- Be an integral part of the medical rehabilitation community.
- Have open and honest relationships and deliver on our promises.
- Deliver services in ways that best meet the needs of the victim.
- Be a leader/model in the insurance industry for rehabilitation services.

Distribution of PIPP costs 2002



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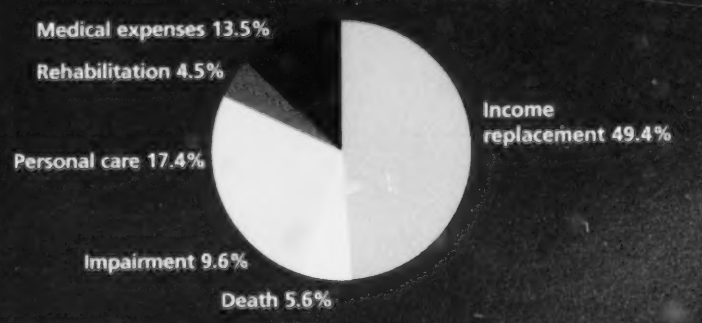

Mirron German prepares claims estimates in minutes using a Pen Tablet – a portable computerized calculator.

Meeting customers' needs now and into the future

At Manitoba Public Insurance, our customers' needs come first. Providing them with superior customer service includes understanding their needs, and the willingness to develop new products and support new technologies that meet their evolving requirements and expectations.

From day one, Manitoba Public Insurance has been committed to providing superior customer service—whether to make a claim or complete an insurance transaction.

Today, 90 per cent of Manitobans live within an hour's drive of one of our 23 claim centres located throughout the province. In addition, a network of road adjusters allows us to provide face-to-face service with our customers in another 100 communities.

By listening to our customers, we've also been able to develop programs and products that meet their emerging needs.

Our goal is to respond with products that reduce the risk Manitobans are willing to assume.

Manitoba Public Insurance has made it possible for customers to report their claims over the phone and we've enhanced public awareness of our products and services through our Web site.

Two of our most significant developments over the past decade have revolutionized the way we handle customer information and paved the way for a number of customer service enhancements.

Smooth rollout earns "thumbs up" from Microsoft

Today's close link between service delivery and technology makes it imperative to stay on top of technological advancements in order to continue to meet customer needs.

That is why, in spring 2002, Manitoba Public Insurance undertook the corporate-wide replacement of our computer hardware and software.

We replaced approximately 1,500 existing workstations with new IBM models equipped with Microsoft Windows XP, increasing the speed and functionality of our staff's desktop environment and allowing them to provide more efficient service to customers.

The key to the rollout was that it be accomplished with minimal disruption to customers or staff. This meant testing, tweaking or upgrading more than 300 software programs used within the company to ensure they were compatible with Windows XP before the new system was put into use.

This planning and hard work by the 40-member Workstation Refresh Team didn't go unnoticed.

After 24 years of lining up in brokers' offices at the end of February to renew insurance policies, Manitoba Public Insurance introduced staggered renewals in 1995, allowing customers to renew their Autopac policies on or before their personal renewal date.

This change was the catalyst for implementing a state-of-the-art computer system that was the first of its kind in Canada. Autopac On-Line (AOL) linked all Autopac brokers directly to Manitoba Public Insurance, giving them access to up-to-date information that allowed them to deal with their customers' insurance and vehicle registration needs more quickly and effectively than ever before.

Ending year-end line-ups also meant brokers and customers had more time to discuss insurance coverage and options, ensuring that customers received the products and protection best suited to their needs.

Four years later, Manitoba Public Insurance introduced CARS—the Claims Administration and Reporting System—to replace the existing claims handling system. The new program simplified and streamlined the claims process and significantly enhanced front-end customer service, because staff now had online information about all aspects of a customer's claim.

AOL and CARS allow our Call Centre staff to provide Manitobans calling the Autopac Line with complete telephone access to a wide range of services including claims reporting, claims inquiries, policy and public inquiries as well as information on vehicle registration and insurance matters.

These systems were customized to meet the specific needs of Manitoba Public Insurance and our customers. They allow us to effectively route information to any location throughout the system where it is needed, providing customers with the fastest, most reliable service possible.

Our work—then and now

Our company grew quickly during the early years of business and soon occupied office space in a variety of buildings in Winnipeg's downtown. In 1980, most of our downtown workspace was consolidated within Eaton Place (now Cityplace).

Today, more than half of our 1,359 employees are based in our three downtown locations. The 1975 photo below shows staff working in close quarters at 330 Portage Avenue.

1972		2002
$51.5 million	Premiums written	$641.5 million
127,400	Total number of claims reported	227,259
$31.4 million	Claims costs incurred	$534.6 million
8	Number of claim centres	22
301	Number of employees	1,359
10	Number of departments	60

Microsoft was so impressed by how well the operation went it decided to use the upgrade project as a case study to show other clients how to do things right.

The software giant praised Manitoba Public Insurance's handling of the rollout of the new system and our skilled change management techniques. It's an area where some corporations fall down on the job, focusing more on getting computers installed than on the people using them. Focusing on people at Manitoba Public Insurance meant that we were able to implement a significant change with minimal disruption and without negatively affecting customer service.

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Four years later, Manitoba Public Insurance introduced CARS—the Claims Administration and Reporting System—to replace the existing claims handling system. The new program simplified and streamlined the claims process and significantly enhanced front-end customer service, because staff now had online information about all aspects of a customer's claim.

AOL and CARS allow our Call Centre staff to provide Manitobans calling the Autopac Line with complete telephone access to a wide range of services including claims reporting, claims inquiries, policy and public inquiries as well as information on vehicle registration and insurance matters.

These systems were customized to meet the specific needs of Manitoba Public Insurance and our customers. They allow us to effectively route information to any location throughout the system where it is needed, providing customers with the fastest, most reliable service possible.

Our work—then and now

Our company grew quickly during the early years of business and soon occupied office space in a variety of buildings in Winnipeg's downtown. In 1980, most of our downtown workspace was consolidated within Eaton Place (now Cityplace).

Today, more than half of our 1,359 employees are based in our three downtown locations. The 1975 photo below shows staff working in close quarters at 330 Portage Avenue.

1972

$51.5 million	Premiums written
127,400	Total number of claims reported
$31.4 million	Claims costs incurred
8	Number of claim centres
301	Number of employees
10	Number of departments

Microsoft was so impressed by how well the operation went it decided to use the upgrade project as a case study to show other clients how to do things right.

The software giant praised Manitoba Public Insurance's handling of the rollout of the new system and our skilled change management techniques. It's an area where some corporations fall down on the job, focusing more on getting computers installed than on the people using them. Focusing on people at Manitoba Public Insurance meant that we were able to implement a significant change with minimal disruption and without negatively affecting customer service.

Manitoba Public Insurance has invested close to $367 millions in schools across the province since 1971

Putting insurance dollars to work for the benefit of all Manitobans

Money that used to leave Manitoba is now being used to build and strengthen communities throughout the province. Manitoba Public Insurance has invested close to $1.6 billion in Manitoba since 1971.

Before 1971, auto insurance rates were set by companies outside of Manitoba, and millions of dollars in premiums went to benefit shareholders outside the province.

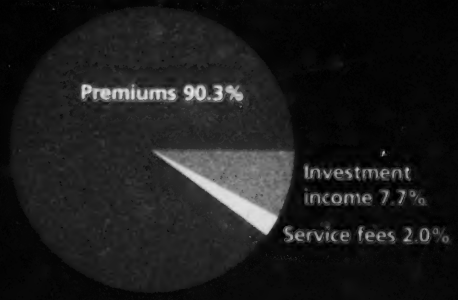
The founding vision of Manitoba Public Insurance was that the Crown corporation could make premium dollars work twice as hard to benefit all Manitobans.

Money set aside to pay out accident claims and premiums collected would be invested, to the extent possible, in Manitoba infrastructure. Further, interest collected from those investments would directly reduce the cost to every premium payer.

Since 1971, there virtually has not been a school, hospital or public building constructed in Manitoba without the assistance of Manitoba Public Insurance investment dollars.

This is just one way Manitoba Public Insurance demonstrates its commitment to the province. We believe it is not enough to simply do business here; we are dedicated to being an integral part of the fabric of the province that is home to our customers and our employees.

Total distribution of revenues



- In 2002, premiums written increased by more than $46 million.
- The additional premium came from an increase in the vehicle fleet, motorists who traded up to newer model vehicles and price increases on some optional products.

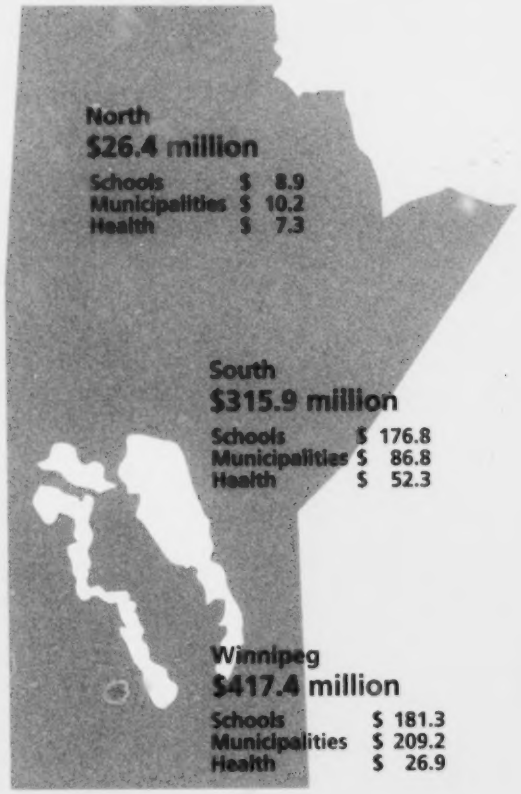
Through the provincial government's Department of Finance, Manitoba Public Insurance purchases provincial bonds and debentures, a significant number of which are issued by municipalities, school divisions and health-care jurisdictions across the province.

These investments put funds that will one day be used to pay out insurance claims to work in our communities until they are needed. The funds help to make possible improvements in communities large and small, from helping to construct a new school gymnasium and upgrading a hospital facility, to supporting a municipal building project.

In our first year of business, we invested $5.6 million. In 2002, we purchased more than $83 million in provincial bonds and debentures. Besides supporting local infrastructure projects, the interest earned from our investments reduced the cost of every policy issued by $59.

When we opened for business in 1971, applying investment earnings to underwriting results when establishing rates was uncommon in the insurance industry. As a public insurer we have always used our investment earnings to reduce premium costs and help provide rate stability. It has been a key factor in our success over the past three decades.

30 years of investing in Manitoba

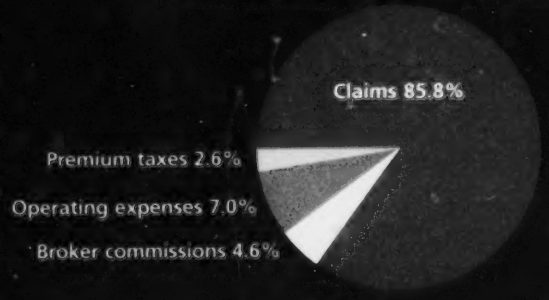


Of the $1.6 billion Manitoba Public Insurance has invested through provincial bonds and debentures since 1971, $759.7 million has been used to support schools, municipalities and health-care institutions in our province.

Not only are local infrastructure projects in communities across Manitoba supported, the interest earned from these investments reduces the cost of every Autopac policy by an average of $59.

- Manitoba motorists continue to file vehicle insurance claims at nearly twice the national rate.
- In 2002, total claims costs increased by six per cent to $609.5 million.

Total distribution of claims and expenses



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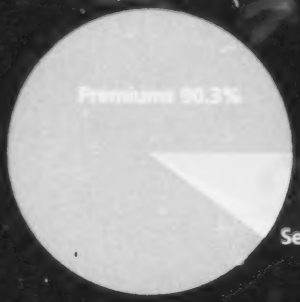

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North
$26.4 million

Schools	$ 8.9
Municipalities	$ 10.2
Health	$ 7.3

South
$315.9 million

Schools	$ 176.8
Municipalities	$ 86.8
Health	$ 52.3

Winnipeg
$417.4 million

Schools	$ 181.3
Municipalities	$ 209.2
Health	$ 26.9

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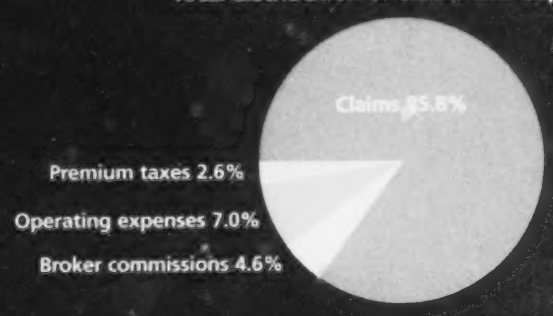

This year Manitoba students became the first in Canada to receive curriculum-linked in-class road safety education with the learning resources and *Wrecked* kits.

Road safety designed for all Manitobans

One of the ways to control the cost of claims is to prevent collisions from happening in the first place. From the very beginning, Manitoba Public Insurance has been committed to pursuing road safety initiatives to help protect Manitobans from both the human and economic cost of automobile accidents.

Raising and sustaining public awareness of road safety issues requires a team approach. That's why Manitoba Public Insurance has always believed we are strongest when we partner with community and business groups who share our interest in keeping Manitobans safer on our streets and highways.

This pooling of expertise, energies and resources allows us to collectively extend our reach and to have a greater impact than any one partner would have working alone. Jointly, we can successfully deliver road safety education and public awareness programs to Manitobans of all ages.

While there are many areas that fall under the general heading of road safety, our top three safety priorities remain: impaired driving, speeding and occupant restraints. Why? Because these three concerns cost Manitobans more—in both human and financial costs—than any other road safety issue.

Some of the activities we've undertaken with our partners over the years include helping police increase RoadWatch anti-impaired driving checks and supporting groups dedicated to reducing the problem of impaired

Partnering to improve occupant safety

Child car seat safety

Manitoba Public Insurance, in co-operation with other provinces, made significant progress this year toward reaching its goal of creating a national certification program for child car seat inspectors and trainers. St. John Ambulance of Canada will be responsible for providing certification to all inspectors and trainers, and Manitoba Public Insurance has begun working with this agency to develop a certification program in this province.

driving. We also create and distribute a variety of hard-hitting public awareness ads with strong "don't drink and drive" messages.

We have also worked to educate the public and change attitudes about issues such as speeding and seatbelt use. For example, the neighbourhood-based SpeedWatch program works with community volunteers to help raise awareness of speed-related issues in their local areas. Additionally, we have worked with police and other partners to promote awareness of the importance of properly using seatbelts and child safety seats.

Manitoba Public Insurance has also taken a strong position on the loss prevention issue of auto theft. We've tried to provide Manitobans with information they need to protect themselves from this crime and we've worked with partners to make people aware of the consequences of auto theft.

These efforts have included sending information directly to owners of vehicles most at risk, providing premium breaks for those who protect their vehicles with anti-theft immobilizers that meet the Canadian Theft Deterrence Standards and providing auto-theft awareness signs for shopping centres and businesses.

We are proud of the accomplishments we have made in helping to raise the road safety awareness of today's drivers and in laying the foundation for a new generation of safety conscious drivers in the future.

Road safety in the classroom and on the road

In 2002, Manitoba became the first jurisdiction in Canada to offer students curriculum-based in-class road safety education.

The *Road Safety Learning Resources for Schools* provide age-appropriate, curriculum-based lessons for every grade from Kindergarten to Senior 2 (Grade 10).

Wrecked is an anti-impaired driving kit that targets Grades 9 to 12 (S1 to S4) with lessons that highlight three impaired driving issues: alcohol/drug consumption, stress and fatigue. Designed as a one-stop teaching tool, it includes activities, resources for additional information and materials, statistics and a dramatic teaching video, *No Time to Say Goodbye*.

The new teaching tools, produced in co-operation with the provincial Department of Education, could reach 250,000 students throughout Manitoba every year.

Both programs consist of lessons and activities linked to specific themes or "strands" in the Health/Physical Education curriculum and can be easily used in the classroom. They represent Manitoba Public Insurance's most ambitious attempt yet to produce a new generation of roadwise Manitobans.

These initiatives complement both the Children's Traffic Club, developed in 1999, and the Manitoba Public Insurance High School Driver Education Program. In 2002, about 13,000 young Manitoba drivers enrolled in Driver Education to learn more about safe and responsible driving through classroom lessons and on-the-road training under expert supervision.

Seatbelts

The low usage rate of seatbelts in our province—82 per cent in urban areas and 72 per cent in rural areas, according to a recent RCMP study—continues to be a serious concern for both Manitoba Public Insurance and all citizens. Manitoba significantly lags behind other Canadian jurisdictions when it comes to buckling up.

We are working hard to raise awareness regarding this issue. This year, we created an educational seatbelt brochure and poster to remind Manitobans about the important life-saving decision of wearing a seatbelt.

The brochure includes "real-life" testimonials from survivors of crashes who chose to wear their belts. The poster promoting seatbelt use was produced in partnership with Manitoba Health.

The materials were distributed to locations across the province including hospitals, doctors' offices, daycare centres, the Manitoba Safety Council, the RCMP, the Winnipeg Police Service, Manitoba Public Insurance claim centres and Autopac brokers.

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Wawanesa Belmont Transfer celebrates 30 years of providing service to its customers in southwestern [illegible]

Thirty years on the road

Its place at the heart of the country has made Manitoba a natural transportation hub. Since 1971, Manitoba Public Insurance has worked side by side with Manitoba's growing trucking industry, providing insurance coverage and specialized services through our Special Risk Extension line of business.

The introduction of Manitoba Public Insurance in 1971 had a significant impact on Manitoba's commercial transport industry.

The new company's Special Risk Extension (SRE) department provided optional coverages for commercial vehicles in competition with other insurers and offered solutions to many insurance problems that had troubled small and medium-sized companies.

Today, SRE uses a team approach that involves underwriting, fleet safety, claims and brokers to provide individualized insurance protection customers count on at a fair price.

And as Manitoba Public Insurance turns the page on providing 30 years of service to Manitobans, Greg Wanless and Wawanesa Belmont Transfer do the same.

Fittingly, it was Feb. 29, 1972, when Wanless took his big leap of faith. After just a few years driving truck out of Belmont, in southwestern Manitoba, for a local freight hauler, the 21-year-old decided to strike out on his own.

"I came home from work one night and my dad asked me if I liked driving truck," says Wanless. "I told him

SRE brokers play an important role in connecting customers with the coverage they need

Tom McLean (left, with Gail and Greg Wanless of Wawanesa Belmont Transfer) was Wanless's SRE broker for close to 30 years. The two started out in business around the same time, and built a strong working relationship.

"He always made sure we had the coverage we required and kept up with the growing needs of our business," says Wanless.

I did and was a bit surprised to hear him say that I might as well be in business for myself, if that was the case. He'd heard that Nichol's Transfer was for sale and three weeks later, with his help, I'd bought the business."

There was no looking back. Wanless told his fiancée, Gail, that they'd have to move up their wedding plans so that she could help him run the business. The newlyweds moved to Wawanesa, where the business was based. "It was a big step for us," says Greg. "Even though it was only 35 miles from Belmont, it seemed a world away for us."

The couple worked hard over the next 10 years, hauling freight and livestock with three trucks and a few part-time drivers. In 1981, they expanded their business with the purchase of Belmont Transfer, which had belonged to Wanless's father 20 years before, and were able to hire their first full-time employee.

As the business grew, so did Greg and Gail's family with the birth of daughters Tracy (1974) and Loretta (1977). Tracy's husband now drives for the company and Loretta works part-time in the office.

The company continued to grow and thrive with the purchases of Baldur Transfer in 1984, Mansfield Transfer shortly after and finally Prairie Freighters in Killarney in 1993. The Wanlesses decided to move the business (and themselves) to Killarney after the purchase of Prairie Freighters. The plan turned out to be a good one.

They had gradually shifted the focus of their business to grain hauling after government deregulation of grain transportation in the mid-1990s.

"Shortly after moving the business to Killarney in 1997, some large grain storage terminals were built in town," Wanless says. "It was a real stroke of good fortune for us. We were right where we should be to serve that need."

Today Wawanesa Belmont has a fleet of 14 transport trucks, 10 full-time drivers, a mechanic and a secretary. Gail and Greg still run daily operations.

Wanless says that while there is a great deal of satisfaction that has come from running his own business, he and Gail have had their share of ups and downs.

"I was so young when I started," he says. "There was a lot I didn't know and some of it I learned the hard way."

Gail agrees, saying that to accommodate the hours that farmers keep they've had to work long days. "It has pretty much been 24-7 for us with the business," she says. "Customers start calling at 6 a.m. and it's not unusual to still be getting calls at midnight."

The Wanlesses credit much of their success to the people that believed in them. "Our parents played a really important role in getting us started and helped us a great deal along the way. We couldn't have done any of this without them."

Another key player in Wanless's business success was his SRE broker, Tom McLean, former owner of McLean Insurance in Wawanesa. "I started dealing with Tom a couple of years after we started in business. He always made sure we had the coverage we required and kept up with the growing needs of our business."

"Greg has always been a hard worker and he's a real honest and sincere guy," says McLean. "That's why he's been a success and I sure enjoyed doing business with him for those qualities."

When McLean retired and sold his agency, Kelly Durnin filled his shoes as Wanless's broker in 1995. "Greg is respected for being very supportive of the communities he does business in," says Durnin. "His roots are here and he's grown his business in these communities. He's always willing to give something back."

"Hitting the 30-year mark has been a real milestone for us," says Greg. "It's really amazing to look back at what we've done. We've met so many good people along the way—it's been really great."

Controlling claims costs through loss prevention plays a key role in keeping rates down

SRE Fleet Safety Manager Terry Doerksen (centre, flanked by SRE Underwriter Maxine Harvey and broker Kelly Durnin) works with Wawanesa Belmont Transfer on proactive loss prevention. "We've worked together for several years to keep Greg's potential for loss at a minimum," says Doerksen. "He's very responsible about the safety of his fleet."

Wawanesa Belmont Transfer celebrates 30 years of providing service to its customers in southwestern Manitoba. Manitoba Public Insurance has served the company's insurance needs from day one.

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It has been said that the true success of an organization can be measured by the way it handles its customers and their concerns. With that credo in mind, the Fair Practices Office (FPO) is continuously examining the impact of Manitoba Public Insurance policies, procedures and legislation on customers. The FPO takes the material under review and makes a constructive determination on whether improvements can or should be made. It is this focus on rigorous and continuous scrutinizing that helps keep this organization at the forefront of the insurance industry and in the vanguard of excellence in customer service.

The FPO was established in late 1999 and completed its third full year of operation in 2002. Reporting directly to the President and Chief Executive Officer, the office monitors the organization's procedures and their impact on our customers and reports back to the corporation on our customers' changing needs and expectations.

Part of the office's examination process involves investigating all formal Manitoba Public Insurance customer concerns presented to the provincial Ombudsman. The office also receives input from customers who do not use this formal mechanism and from Manitoba Public Insurance staff about issues that affect their roles and customer service.

A focus of the FPO is to resolve as many outstanding issues as possible in a relatively informal way.

For the fiscal year 2002/2003, the FPO received 459 documented customer enquiries broken down by their referral source as follows:

It recommended the corporation revise its decision in 26 situations, or about six per cent of the time. In 94 per cent of the situations that were examined (433 of 459), the FPO's findings supported the original decision.

While the office promotes fair process, it is not a formal avenue of appeal. It can recommend that an issue be reviewed and can also alert senior executive that a policy may be unfair. Individual customers who bring their concerns to the office can be assured they will receive assistance in determining the best "next step" for their particular issue.

After examining customer issues from a number of perspectives, the FPO reports its observations directly to the President and CEO. Depending upon the nature of the issue, some of these observations will result in a comprehensive examination of the policy or process. Direct access to the highest level provides a unique opportunity for the office to bring systemic customer issues to the attention of the corporation's highest decision-makers, thus ensuring a thorough examination of these issues.

An important focus of the FPO is to ensure that Manitoba Public Insurance continues to offer comprehensive auto insurance and superior coverage—in keeping with the corporate goals and mission. In order to fulfil this commitment, the office continues to benchmark the various insurance products, coverages and benefits against the industry standards.

The FPO remains committed to reviewing systemic issues that customers believe may be unfair and to ensuring that these issues receive a meticulous examination. The office will continue to put Manitoba Public Insurance customers first by working to refine policies, procedures and legislation to better reflect their needs and expectations.

Corporate Profile

Manitoba Public Insurance is a Crown corporation that operates three distinct lines of business that respond to the automobile insurance needs of Manitobans. The universal Basic Autopac provides essential protection for more than 800,000 vehicles provincewide. Autopac Extension and Special Risk Extension (SRE) provide distinct but complementary insurance products to Manitobans.

Since 1971, Manitoba Public Insurance has invested $1.6 billion in provincial bonds and debentures including investments in Manitoba schools, hospitals, community centres and municipal buildings.

More than 1,300 employees in 13 communities provide customer service throughout Manitoba.

Scope of Business

Basic Autopac

The Basic Autopac package—no-fault injury compensation, $200,000 third-party liability coverage and all-perils coverage—is a universal mandatory product for all Manitoba-registered automobiles.

Basic Autopac has three parts: coverage for accidental damage to your vehicle, coverage for injuries from auto accidents and coverage for damages your vehicle may cause to others. The Personal Injury Protection Plan (PIPP) is provided for all residents of Manitoba and is funded by Basic Autopac.

By legislation, Basic Autopac provides universal comprehensive coverage to Manitoba-registered vehicles while keeping costs at the lowest possible level.

Basic Autopac Five Year Stats	2002	2001	2000	1999	1998
Premiums Written ($000)	537,235	506,722	464,275	460,806	433,591
Claims Incurred ($000)	467,715	433,873	378,137	352,743	330,793
Claims Expenses ($000)	58,945	56,159	50,400	52,457	45,333
Other Expenses ($000)	83,848	76,201	80,108	78,700	75,914
Income (loss) from annual operations ($000)	(30,135)	(11,707)	38,100	40,513	41,868

Autopac Extension

For Manitobans who choose to reduce the amount of risk they are willing to assume, Autopac Extension provides optional insurance coverage in competition with other insurers.

Manitobans can increase their protection with lower deductibles or higher liability limits. They can also buy coverage for motorcycles, off-road vehicles, vehicle loss of use and lay-up.

Autopac Extension will be profitable while ensuring its products continue to meet customer needs. Manitoba Public Insurance mitigates its financial risks on this line of business through appropriate product design and automated underwriting techniques.

Autopac Extension Five Year Stats	2002	2001	2000	1999	1998
Premiums Written ($000)	61,494	52,325	43,608	39,179	35,966
Claims Incurred ($000)	38,677	45,314	37,100	33,134	38,618
Claims Expenses ($000)	5,522	6,899	6,191	5,443	5,473
Other Expenses ($000)	15,241	13,402	11,866	10,497	10,187
Income (loss) from annual operations ($000)	3,292	(11,606)	(6,130)	(3,783)	(9,503)

Special Risk Extension (SRE)

In competition with other insurers, Special Risk Extension provides optional coverage for specialized risks on a for-profit basis. These include coverage for large commercial trucking fleets, garage operations and other business enterprises.

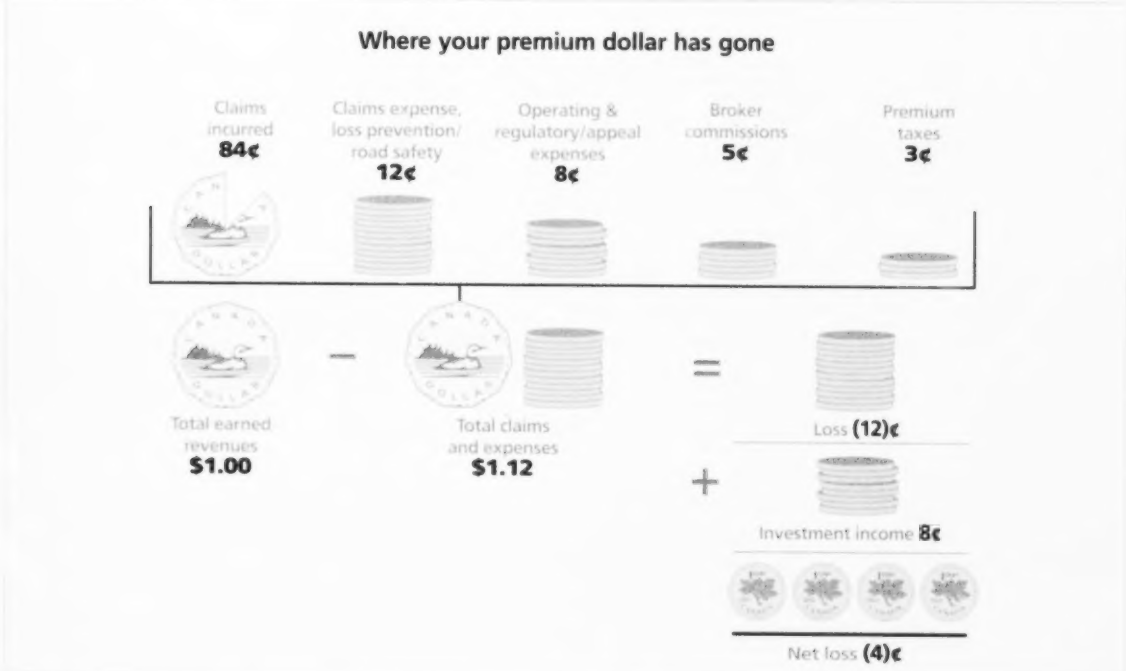
These specialized non-compulsory automobile insurance coverages are highly customized, requiring a thorough review of the risk and the application of sound underwriting practices.

SRE Five Year Stats	2002	2001	2000	1999	1998
Premiums Written ($000)	42,742	36,124	31,171	29,708	32,764
Claims Incurred ($000)	28,202	23,902	16,194	13,424	22,903
Claims Expenses ($000)	2,789	2,433	2,150	2,181	3,202
Other Expenses ($000)	9,833	8,695	7,872	10,373	8,451
Income from annual operations ($000)	4,049	6,821	14,658	14,179	7,545

2002 Overview

Last year was one of the most challenging on record for the entire Canadian insurance industry. A 1.6 per cent return on equity in 2002 was half that recorded a year earlier and substantially below what the industry would expect to earn. Rising claims costs, increased reinsurance rates and slumping investment income have combined to erode the financial health of the auto insurance business.

Manitoba Public Insurance has mitigated—but not escaped—these trends through sound management practices, a solid rate-making methodology and prudent reserving practices. However, five years of premium stability that included three rate reductions and an $80.3 million surplus distribution to customers have given way to a corporate net loss from annual operations of $22.6 million for the 2002/2003 fiscal year. The results represent further erosion from the previous year's net loss of $16.1 million, although over the last 10 years, the corporation has reported net income of $176.6 million.


Where your premium dollar has gone
Claims incurred 84¢
Claims expense, loss prevention/ road safety 12¢
Operating & regulatory/appeal expenses 8¢
Broker commissions 5¢
Premium taxes 3¢
Total earned revenues $1.00
Total claims and expenses $1.12
Loss (12)¢
Investment income 8¢
Net loss (4)¢

Despite higher revenues and expense controls, higher claims costs and lower investment income contributed to the overall deterioration in the corporation's 2002 financial results.

Premiums written increased $46.3 million to $641.5 million. The additional premium came from an increase in the number of policies in force, motorists who traded up their vehicles to newer models and price increases on some optional products. In all, 809,223 policies were in force in 2002.

However, claims costs increased by $34.3 million to $609.5 million and total investment income declined to $57.6 million.

Basic Autopac, Autopac Extension and SRE reported a combined net loss from annual operations of $22.8 million, excluding discontinued operations net income of $0.2 million.

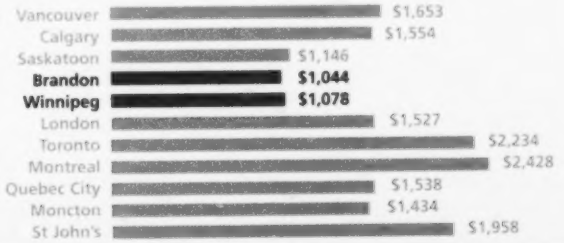
Corporate Measures

Manitoba Public Insurance measures its performance against seven corporate goals. While the Rate Stabilization Reserve (RSR) level has fallen below target, the corporation continues to meet or exceed the other six goals.

GOAL

Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

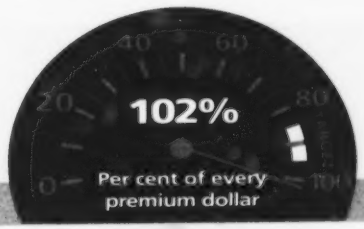
Source: Runzheimer Canada. Rates based on • 2001 Ford Taurus SE 4-door • 45-year-old driver • Six years claim-free driving • All-purpose use • $200 deductible • $1M third-party liability. Rates as of June 6, 2002.



Among lowest rates in Canada

GOAL

The Basic plan will return 85 per cent of premium revenue to Manitobans in the form of claims benefits.



Premium returned for each dollar earned

GOAL

Manitoba Public Insurance will be a leader in automobile insurance, providing Manitobans with superior products, coverage and service.

Public satisfaction with claims performance

GOAL

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Customer Service Standards will be set by customer expectations and Manitoba Public Insurance will meet these service standards.

How often we met/exceeded standards

SRE Five Year Stats	2002				
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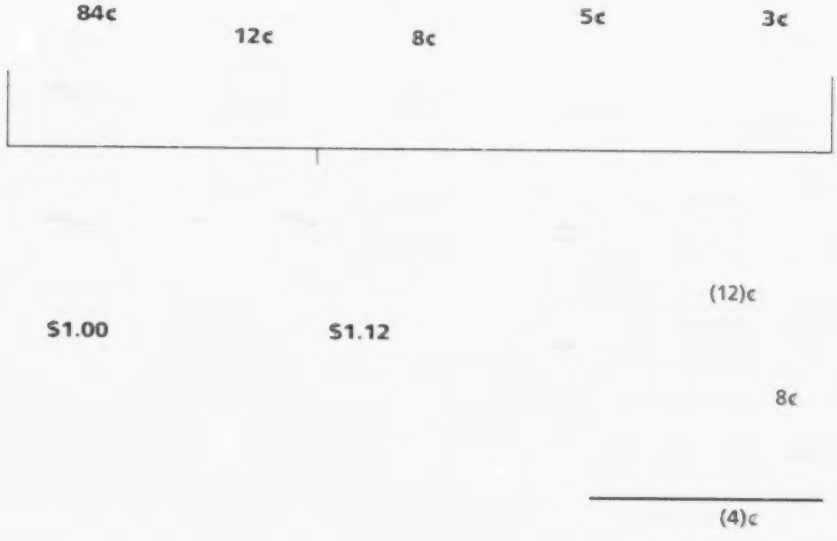

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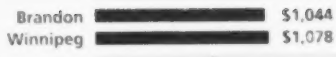

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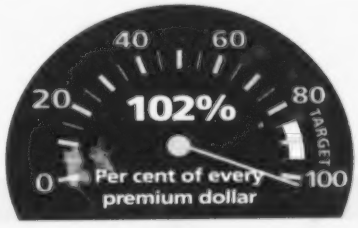

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How often we met/exceeded standards

GOAL

Rate Stabilization Reserve will be maintained within established target levels.

Is RSR within target range?

GOAL

Manitoba Public Insurance will offer an environment and career opportunities that are attractive to productive, improvement-minded people. Our people will be treated with respect and fairness and their contributions will be recognized.

Level of employee satisfaction

GOAL

Manitoba Public Insurance will lead initiatives on education to increase opportunities for drivers to enhance their driving skills and to increase public concern regarding risky driving behaviour.

Public support for road safety activities

Premiums

Total premiums written increased 7.8 per cent in 2002 for the three lines of business to $641.5 million.

Premiums written for Basic Autopac increased to $537.2 million from the previous year due to increases in the number and value of vehicles insured.

Meanwhile, Autopac Extension premiums written increased 17.5 per cent to $61.5 million. A 7.5 per cent increase in the number of products in force contributed to the rise in the level of premiums written.

A tighter insurance market and a strong Manitoba economy contributed to an increase in the size of the commercial fleet and increased SRE revenues by 18.3 per cent to $42.7 million.

Increased premiums written were largely offset by higher claims costs in all three lines of business.

Manitoba Public Insurance has set an objective of maintaining Basic rates that are, on average, lower than those charged by private insurance companies for comparable coverage. Independent studies have shown that five years of rate stability have given Manitoba the lowest cost insurance in the country.

An operating structure that keeps costs at low levels, combined with cost containment and loss prevention strategies, has enabled Manitoba Public Insurance to keep rate increases lower than the rate of inflation in Manitoba throughout the corporation's 30-year history.

Manitoba Public Insurance recognizes the value of good drivers and provides vehicle owners with a safe driver discount that can reduce the amount paid for auto insurance by 25 per cent. For most drivers, this amounts to an average discount of $200 on their annual premium.

Basic Autopac rates will have to increase in order to cover costs associated with new claims trends that first emerged in 2001.

Manitoba Public Insurance operates Basic Autopac on a break-even basis. Having stable rates and using rating approaches that are based on actuarial principles help us meet our corporate goals.

The rating process begins with cross-divisional revenue and claims forecasting committees undertaking detailed analysis of claims costs as well as the revenue projections for the vehicle fleet. These forecasts form the basis for the corporation's rate-making process.

The purpose of rate-making is to determine the expected costs arising during the policy period and to allocate these costs equitably to our customers. To achieve this allocation, the corporation follows the accepted industry practice of risk classification that groups similar risks.

The corporation's rating approach is based on actuarial principles, minimizing cross-subsidization between customers and providing for rates that are responsive to changes in claim patterns.

This exercise is used to determine the rate required for each risk. The rate is submitted to the Public Utilities Board of Manitoba for approval. The extra revenue from rate increases is not fully realized for a two-year period because of staggered renewal dates throughout the year.

Claims

The Canadian auto industry as a whole continues to struggle with rising claims costs. On average, the Insurance Bureau of Canada found claims incurred across Canada increased 16.7 per cent in 2002.

In Manitoba, motorists continue to file insurance claims at nearly twice the national rate. In 2002, total claims costs increased by 6.0 per cent to $609.5 million.

There were 227,259 claims reported in Manitoba during 2002/2003, contributing to total Autopac claims incurred of $506.4 million, excluding claims expense and loss prevention/road safety costs. The number of claims reported in the fiscal year decreased by 12,494, or 5.2 per cent. The decrease in the number of claims reported is attributable to the August 21, 2001 hailstorm, which generated 10,272 claims, during 2001/2002. No catastrophe claims were reported during 2002/2003. The average cost per claim increased by $229 from $1,999 in 2001/2002 to $2,228 in 2002/2003.

Overall, Basic claims incurred increased from the previous year by $33.8 million, Extension claims incurred decreased by $6.6 million and SRE claims incurred increased by $4.3 million.

The number of claims reported in a given year can be impacted by many factors including weather, police enforcement, traffic volumes, ease of making a claim and the makeup of the provincial vehicle fleet. The cost of claims can be impacted by the severity of the crash, the cost of labour, repair inflation and the technology associated with newer vehicles. The number of people injured and the associated medical expenses combined with new alternative treatments tend to affect costs as well.

Because Basic Autopac operates on a break-even basis and does not have to return a profit, Manitoba Public Insurance can return more of each premium dollar to customers through claims benefits than other insurance companies. While most companies return 73 cents of every premium dollar to customers, Basic Autopac returned $1.02 in 2002.

Autopac Claims by Location
(Outside Winnipeg)

Steinbach	5,824
Brandon & Out-of-Province	13,090
Dauphin	3,947
The Pas	1,582
Flin Flon	634
Swan River	1,491
Portage la Prairie	4,740
Winkler	3,840
Selkirk	4,347
Kenora	2,168
Beausejour	2,394
Thompson	3,500
TOTAL	47,557

Autopac Claims by Location
(Winnipeg)

North	22,167
West	21,126
South	22,775
South Central	22,721
North Central	20,044
Commercial	3,236
Bodily Injury	697
Casualty & Rehabilitation	1,115
Rehabilitative Case Management	2,619
Medex (medical expenses)	10,674
TOTAL	127,174

Total glass claims in Manitoba: **52,528**

Rate Stabilization Reserve will be maintained within established target levels.

Is RSR within target range?

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Level of employee satisfaction

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Public support for road safety activities

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4,347	2,619
2,168	10,674
2,394	
3,500	
47,557	**127,174**

Total glass claims in Manitoba: **52,528**

Injury Claims

Basic and Extension injury claims costs, excluding claims expense and loss prevention/road safety costs, increased by $20.5 million from the previous year.

Costs associated with the Personal Injury Protection Plan increased by $16.4 million in 2002 as the number of injury claims filed climbed 5.9 per cent to 15,421.

Injury claims costs include amounts paid for death benefits, wage loss, permanent impairment payments, personal care expenses, medical treatment and rehabilitation.

The increase in the number of injury claims in 2002 was driven by a 7.7 per cent jump in soft-tissue injuries as Manitobans filed 9,425 whiplash claims. However, costs were also driven by an increase in the number of serious loss claims filed in 2002. While the number of fatalities in 2002 declined to the lowest level in six years, claims for brain injuries, quadriplegic, paraplegic and broken limbs increased to above a five-year average. There is no lifetime limit to benefits that may be paid by Manitoba Public Insurance to a person who has been severely injured in an automobile accident.

Type of Claim	2002	2001	2000	1999	1998
Chronic pain	73	173	205	351	125
Fatal	142	152	148	161	149
Brain damage	63	50	64	52	35
Quadriplegic	3	2	6	2	1
Paraplegic	7	1	9	8	1
Broken limbs	640	688	669	660	468
Whiplash	9,425	8,749	7,309	8,285	6,977
Bruising/Lacerations	636	756	598	1,023	1,525
Other	4,432	3,987	3,864	2,399	2,593
Total	**15,421**	**14,558**	**12,872**	**12,941**	**11,874**

Physical Damage Claims

Basic and Extension physical damage claims costs, excluding claims expense and loss prevention/road safety costs, increased by $6.7 million compared to the previous year. Collision claims costs increased by $20.8 million.

The average repair cost increased to $2,044 and the number of collisions in Manitoba climbed by 8,000. In all there were 114,340 collision claims filed in 2002.

Property damage claims costs increased by $2.7 million. Comprehensive claims costs decreased by $16.8 million. The comprehensive decrease is mainly attributable to several hailstorms experienced in the previous year and a change in the glass deductible. The number of theft claims also declined by 631.

Special Risk Extension (SRE) Claims

SRE claims costs, excluding claims expense and loss prevention/road safety costs, increased by $4.3 million. Physical damage costs rose by $4.1 million and liability claim costs increased by $0.2 million.

Loss Prevention

While repair costs in the rest of Canada and the United States increased by 6.0 per cent in 2002, a comprehensive loss prevention program at Manitoba Public Insurance reduced overall repair costs by 5.0 per cent in Manitoba.

According to 2002 Mitchell Estimating Information, the average physical damage claim in Manitoba was $1,946 compared to the Canadian industry average of $2,908.

Effective management of claims costs through loss prevention programs reduced costs by about $51.0 million. The corporation's ability to manage costs associated with towing, labour and other contracted services also contributed to the savings.

Manitoba Public Insurance uses recycled and aftermarket parts nearly twice as often as the private sector. Using recycled parts saved the corporation $9.9 million in 2002, while the use of aftermarket parts reduced claims costs by $8.8 million.

In addition, premium payers benefited from the sale of more than 19,000 total-loss vehicles generating $18.1 million in salvage sales. A comprehensive auto theft strategy also reduced costs associated with theft by $1.4 million.

Manitobans continue to support corporate efforts to reduce fraud. In 2002, there were 912 calls made to the corporation's fraud tips line. In all, the corporation's Special Investigation Unit examined 3,526 suspicious injury and physical damage claims, saving premium payers about $5.0 million.

The corporation also protected premium-payers' dollars by recovering $9.7 million through subrogation efforts, an increase of $0.3 million over 2001.

Unpaid Claims

Manitoba Public Insurance maintains provisions for unpaid claims to cover its future liabilities. The corporation makes provisions for future development on claims that have been made and an estimate for those that may have occurred but not yet reported.

In the case of major injuries, only a small portion of the total benefit is paid in the first year. As time passes and more information is available, the estimates are revised to reflect the most current forecast of claims costs.

Because the total amount paid on any single claim may be different from its initial reserve, Manitoba Public Insurance reviews the adequacy of these reserves annually and required adjustments if needed are calculated by the corporation's actuary. Manitoba Public Insurance also employs an external actuary to provide an independent assessment of the reserves. Furthermore, as part of its annual audit of Manitoba Public Insurance's financial results, the external auditor also reviews the adequacy of reserves.

Operating Costs

Manitoba Public Insurance spends less than private insurers to administer its program. The corporation has a goal of maintaining operating costs at less than 50 per cent of the industry average. In 2002, this objective was met as the corporation refined strategies to reduce operating costs.

Corporate expenses increased in 2002 by $9.6 million. The higher value of premiums written in 2002 increased commissions and premium taxes by $7.6 million.

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Workforce

Supporting the corporation's business goals is not possible without considering evolving workplace trends.

To minimize the impact on operations caused by staff turnover and retirements, the corporation is enhancing its human capital planning, including the implementation of a human capital forecast and succession planning. This has resulted in a number of strategic initiatives aimed at recruiting and retention.

In 2002, to better meet the needs and expectations of our workforce, the corporation updated its management philosophy, improving its management competencies and performance measures. The philosophy is supported by a change management strategy that ensures long-term success.

Following on the success of an Aboriginal Employment Initiative, the corporation embarked on a comprehensive employment diversity program to encourage greater representation of groups such as visible minorities, physically disabled individuals and women within its workforce. This program will help Manitoba Public Insurance develop a more diversified workforce, thereby maximizing the pool of talent available to the corporation.

Investments

Throughout Canada, 2002 was one of the worst years in the past decade for investment income.

While private companies have relied on this income in previous years to pay dividends to shareholders and reduce underwriting losses, Manitoba Public Insurance has used investment income to reduce the cost of every premium. In 2002, investment income represented 7.7 per cent of the corporation's income and reduced the cost of the average premium by about $59 (2001 - $75).

A general economic slowdown that began in 2001 continued to affect results in 2002, as total investment income earned was $14.3 million lower than a year earlier, at $57.6 million. However, the corporation's one-year investment return, as measured by the Towers Perrin December 31, 2002 *Investment Performance Summary*, was better than 85 per cent of Canadian property and casualty insurance companies. This was primarily because Manitoba Public Insurance holds more bonds than most other insurance companies.

In 2002, the Scotia Capital Universe Index returned almost 9.0 per cent. Furthermore, Manitoba Public Insurance had three of its four Canadian equity investment counsel perform in the top 25 per cent of all the equity portfolio managers in Canada.

The corporation has an investment policy that defines the diversity of the portfolio and its management structure. This policy is established and approved by the Investment Committee of the Board.

The Department of Finance conducts all treasury and fixed income transactions on behalf of the corporation and contracts the services of four Canadian and two U.S. equity investment managers. A working group comprising the Department of Finance as well as Manitoba Public Insurance officials oversees the day-to-day operations of the portfolio. Reports are prepared and presented to the Investment Committee.

The corporation also continued its 30-year history of investing in Manitoba. In 2002, Manitoba Public Insurance invested $83 million in provincial bonds including school, municipal and community infrastructure debentures.

Retained Earnings

The adequacy of reserves is an important determinant of financial stability. At Manitoba Public Insurance, retained earnings provide premium payers with a financial buffer from unexpected events.

As of February 28, 2003, the Basic Insurance Rate Stabilization Reserve, which does not include Autopac Extension or SRE business, stood at $35.4 million, a decrease from $50.5 million at last fiscal year end. The RSR protects motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors. The drop in the RSR reflects a net loss from annual operations of $30.1 million, a $14.5 million transfer from Special Risk Extension retained earnings and the one-time surplus distribution of $0.5 million.

SRE and Autopac Extension retained earnings totalled $72.3 million and retained earnings for discontinued operations totalled $3.7 million.

In 1999, the Canadian Institute of Actuaries adopted a standard for Dynamic Capital Adequacy Testing (DCAT), which requires appointed actuaries to report on the financial strength of property and casualty insurance companies.

DCAT is a formal approach to stress testing the financial strength of a line of business by estimating the future financial results if various events should occur. The use of the DCAT methodology is not a guarantee of the solvency of a line of business; however, it does provide a framework that focuses attention to risks and to identifying possible actions to address these risks.

While Manitoba Public Insurance does not fall within the authority of federal regulations, it does comply with industry standards on many significant matters such as those relating to generally accepted accounting principles and actuarial practices. Manitoba Public Insurance uses the DCAT methodology as another important tool for assessing the level of retained earnings for its two competitive lines of business. The Basic RSR target range is established by the Manitoba Public Insurance Board of Directors.

As a Crown corporation with a monopoly position, Manitoba Public Insurance is able to operate the Basic Autopac program with a lower level of retained earnings than the private sector.

Currently, SRE and Autopac Extension are within their target range. However, Basic Autopac is well below its range. Excess retained earnings from the competitive lines of business as well as any future surpluses from Basic Autopac will be used to rebuild the RSR.

On a regular basis, the DCAT analysis will be undertaken by the corporation's external actuary to review the RSR and retained earning targets.

Risk Management

Manitoba Public Insurance maintains a risk assessment framework for the identification and evaluation of threats to the continued success of the corporation.

Operational risks from throughout the corporation are synthesized into 25 major risks that are monitored by senior management. Review and grading of these risks are undertaken by the corporation and reported quarterly to the Audit Committee of the Board of Directors.

Manitoba Public Insurance has implemented risk-mitigation strategies to protect against factors that may put pressure on the corporation's ability to deliver on its promise to Manitobans.

Technology Obsolescence

Manitoba Public Insurance relies on its information systems to provide a high level of service to Manitobans in the sale of auto insurance products and the management of claims.

The corporation's computer applications must continue to change to meet the needs of our customers and business partners as well as the organization's drive for efficiency and effectiveness. The corporation will continue to make significant investments each year to keep its technology up to date.

Reinsurance

Like most insurance companies, Manitoba Public Insurance buys reinsurance coverage to make sure a single catastrophic event doesn't destroy the corporation's financial strength. The strategy has demonstrated its usefulness in the past, enabling the corporation to absorb large-scale events such as the June 1996 and August 2001 hailstorms without increasing premiums.

The September 11, 2001 terrorist attack rocked the North American insurance industry, causing reinsurance premiums to increase substantially.

Although Manitoba Public Insurance continues to buy reinsurance, the corporation conducts an annual review to weigh the risks, costs and potential benefits of the program.

Business Interruption

Manitoba Public Insurance has developed a comprehensive business continuity plan to enable the corporation to provide critical services in the event of business interruption resulting from a disaster.

The corporation also has processes in place in the event of a catastrophic loss of infrastructure. The continuity plan currently gives the corporation the ability to retrieve and re-establish its computer systems at an alternative site within seven days. However, this plan relies on the expertise of an outside source. Manitoba Public Insurance is exploring the option of taking on this activity and developing a parallel computer site within Manitoba.

Customer Satisfaction

The public's service expectation of Manitoba Public Insurance is high. By listening to its customers, the corporation is able to anticipate product and service needs and respond to them.

Manitoba Public Insurance has developed corporate-wide customer service standards that provide internal and external measures of specific customer contacts through key processes. The standards track more than 2.5 million contacts each quarter against benchmarks. These results are reported to the Board on a quarterly basis. The standards have become an important management tool that helps ensure Manitoba Public Insurance continues to provide Manitobans with the highest possible levels of customer service while maintaining a competitive premium.

Corporate Governance

Manitoba Public Insurance was created by an act of the legislature that set out the corporation's goals and objectives.

The Board is appointed by the Government of Manitoba to ensure corporate policies are consistent with its mandate, values, vision and goals. The Corporate Governance structure is laid out in *The Manitoba Public Insurance Corporation Act*, related legislation, corporate bylaws and policies as expressed through board resolution.

The Board is responsible for policy development and approval as well as providing oversight and monitoring.

The corporation has a comprehensive annual strategic planning process. The Board participates in the development and approval of a five-year strategic plan. From that document flow lines of business strategies, human capital forecasts, premises and technology requirements and a financial forecast. Divisional plans and departmental strategies support the strategic plan.

Governance has also established a framework for the relationship between staff, senior management and the Board. It also sets out operational practices and performance measures for the corporation. The Board has established the following committees to assist in the discharge of its responsibilities:

- Executive Committee
- Audit Committee
- Investment Committee
- Budgeting and Operations Committee
- Human Resources Committee
- Governance Committee

Under the provisions of *The Manitoba Public Insurance Corporation Act*, our Board Chairperson is required to submit an annual report to the Minister Responsible for Manitoba Public Insurance, which is subsequently reviewed by the Standing Committee of the Legislature.

The Minister Responsible for Manitoba Public Insurance has legislative accountability for the corporation and has the responsibility of communicating the government's expectations and public policy objectives to the corporation.

In addition, the Minister of Finance, by statute, is responsible for Manitoba Public Insurance's investments and financial reporting.

Accountability and Oversight

As a Crown corporation, Manitoba Public Insurance is accountable to all Manitobans. In addition to the Board of Directors, there are various other levels of oversight.

Crown Corporations Council

The Crown Corporations Council, by legislation, conducts a mandate and strategy review of Manitoba Public Insurance and encourages good governance. The council reports its findings to the provincial government.

The Crown Corporations Public Review and Accountability Act also requires Manitoba Public Insurance to hold public meetings each year to provide customers with the opportunity to meet senior executives and to ask questions about the corporation's operations and policies.

The Act also requires the corporation to monitor and report on customer complaints and inquiries.

Public Utilities Board

Under *The Crown Corporations Public Review and Accountability Act*, Manitoba Public Insurance is required to submit Basic Autopac rates to the Public Utilities Board (PUB) for approval.

This forum allows Manitoba Public Insurance representatives to discuss the reasons for changes and encourages public participation in the review process. The corporation generally files its rate application in June of each year for the insurance year beginning the following March. The PUB holds formal hearings into the application in the fall. Interested members of the public can raise issues with the Board through a presentation at the PUB hearings.

Other Avenues

Customers who disagree with a decision made by the corporation may make an appeal internally and/or to independent bodies for final determination.

Customers also have the option of meeting with Manitoba Public Insurance's Fair Practices Office. This office operates at arm's length from corporate operations and reports directly to the President and Chief Executive Officer.

In addition, Manitobans can take Manitoba Public Insurance issues to the Office of the Provincial Ombudsman. This office has the power to investigate complaints, conduct reviews and seek redress.

Responsibility for Financial Statements

The financial statements are the responsibility of management and are prepared in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in the annual report is consistent with that in the financial statements. The financial statements necessarily include amounts that are based on management's best estimate and judgments which have been reached based on careful assessment of data available through the Corporation's information systems. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements fairly reflect the financial position and results of operations of the Corporation.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by the Internal Audit Department.

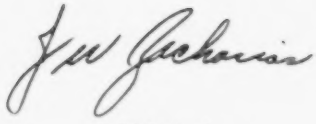
The financial statements were approved by the Board of Directors, which has overall responsibility for their contents. The Board of Directors is assisted with this responsibility by its Audit Committee (the "Committee"), which consists primarily of Directors not involved in the daily operations of the Corporation.

The general responsibilities of the Committee are categorized into the following: review of financial reporting, review of internal controls and processes, review of actuarial functions, monitoring of corporate integrity, compliance with authorities and review of performance reporting. The Committee's role is that of oversight in these areas in order to ensure management processes are in place and functioning so as to identify and minimize risks to the business operations.

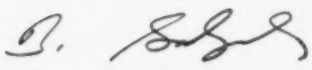
In carrying out the above responsibilities, this Committee meets regularly with management, and with both the Corporation's external and internal auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee is readily accessible to the external and internal auditors.

The Committee is responsible for the review of the actuarial function. As well, the Committee recommends, for approval, the appointment of the external actuary and his fee arrangements to the Board of Directors. The actuary is responsible for ensuring that the assumptions and methods used in the valuation of policy and claims liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. In addition, the actuary provides an opinion regarding the valuation of policy and claims liabilities at the balance sheet date to meet all policyholder obligations of the Corporation. Examination of supporting data for accuracy and completeness of assets and their ability to meet the policy and claims liabilities are important elements in forming the actuary's opinion.

KPMG LLP, the Corporation's appointed external auditors, have audited the financial statements. Their Auditors' Report is included herein. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position of the Corporation in accordance with Canadian generally accepted accounting principles.



J. W. Zacharias
President and
Chief Executive Officer
April 24, 2003



B. W. Galenzoski
Vice-President Corporate Finance
Chief Financial Officer and
Chief Administration Officer
April 24, 2003

Auditors' Report

To the Board of Directors of
Manitoba Public Insurance Corporation:

We have audited the balance sheet of Manitoba Public Insurance Corporation as at February 28, 2003 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at February 28, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were reported on by another firm of chartered accountants.

KPMG LLP

Winnipeg, Canada
April 24, 2003

Actuary's Report

To the Board of Directors of
Manitoba Public Insurance Corporation:

I have valued the policy liabilities of Manitoba Public Insurance Corporation for its balance sheet at February 28, 2003 and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the financial statements fairly present the results of the valuation.

Jim Christie

James K. Christie
Fellow, Canadian Institute of Actuaries
Winnipeg, Manitoba
April 24, 2003

Statement of Operations and Retained Earnings

	Note	Years Ended February 28 2003	2002
		(in thousands of dollars)	
Revenue			
Premiums written		$ 641,471	$ 595,171
Premiums earned	8	$ 621,476	$ 567,585
Service fees		13,667	14,914
Total earned revenues		635,143	582,499
Claims Costs			
Claims incurred	8		
Current year		560,966	509,376
Prior years	7	(26,372)	(6,287)
		534,594	503,089
Claims expense		67,256	65,491
Loss prevention/Road safety		7,659	6,673
		609,509	575,253
Expenses			
Commissions		32,810	29,133
Operating		47,690	45,535
Premium taxes		18,980	15,030
Regulatory/Appeal		1,783	1,927
		101,263	91,625
Total claims and expenses		710,772	666,878
Underwriting loss		(75,629)	(84,379)
Investment income, net	10	52,835	67,887
Net loss before the undernoted		(22,794)	(16,492)
Discontinued operations	11	189	436
Net loss from annual operations	13	(22,605)	(16,056)
Surplus distribution	12	525	(80,825)
Net loss after surplus distribution		(22,080)	(96,881)
Allocation from basic insurance rate stabilization reserve	14	15,095	92,532
		(6,985)	(4,349)
Retained earnings balance beginning of year		83,035	87,384
Retained earnings balance end of year	15	$ 76,050	$ 83,035

The accompanying notes are an integral part of these financial statements.

Balance Sheet

	Note	February 28 2003	February 28 2002
		(in thousands of dollars)	
Assets			
Cash and investments	4	$ 1,278,359	$ 1,175,704
Due from other insurance companies		637	1,524
Accounts receivable		169,467	136,514
Deferred policy acquisition costs		7,929	11,588
Reinsurers' share of unearned premiums		11,191	8,515
Reinsurers' share of unpaid claims	7	56,657	61,499
Property and equipment	5	28,210	27,183
Deferred development costs		5,985	8,949
		1,558,435	1,431,476
Liabilities, Basic Insurance Rate Stabilization Reserve and Retained Earnings			
Due to other insurance companies		13,393	9,733
Accounts payable and accrued liabilities		23,643	18,900
Unearned premiums		321,544	297,952
Provision for employee current benefits		9,383	8,867
Provision for employee future benefits	6	96,161	87,086
Provision for unpaid claims	7	982,895	875,442
		1,447,019	1,297,980
Basic insurance rate stabilization reserve	14	35,366	50,461
Retained earnings	15 and 16	76,050	83,035
		111,416	133,496
		$ 1,558,435	$ 1,431,476

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Shari Decter Hirst
Chairperson

Paul Moist
Director

	Note	Years Ended February 28	
		2003	2002
		(in thousands of dollars)	
Premium earned		$ 641,471	$ 595,171
Premium ceded	8	$ 621,476	$ 567,585
Service fees		13,667	14,914
Total earned revenues		635,143	582,499
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Prior years	7	(26,372)	(6,287)
		534,594	503,089
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Loss adjustment expenses		7,659	6,673
		609,509	575,253
Commissions		32,810	29,133
Operating		47,690	45,535
Premium taxes		18,980	15,030
Regulatory Agency		1,783	1,927
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Net loss before the undernoted		(22,794)	(16,492)
Discontinued operations	11	189	436
Net loss from ongoing operations		(22,605)	(16,056)
Surplus distributions	12	525	(80,825)
Net loss after surplus distributions		(22,080)	(96,881)
Allocation from fixed insurance rate stabilization reserve	14	15,095	92,532
		(6,985)	(4,349)
Retained earnings balance beginning of year		83,035	87,384
		$ 76,050	$ 83,035

The accompanying notes are an integral part of these financial statements.

	Note	February 28 2003	2002
		(in thousands of dollars)	
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Provision for unpaid claims	7	982,895	875,442
		1,447,019	1,297,980
Bad insurance rate stabilization reserve	14	35,366	50,461
Retained earnings	15 and 16	76,050	83,035
		111,416	133,496
		$ 1,558,435	$ 1,431,476

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

Shari Decter Hirst
Chairperson

Paul Moist
Director

Statement of Cash Flows

	Note	Years Ended February 28 2003	2002
		(in thousands of dollars)	
Cash Flows from (to) Operating Activities			
Net loss after surplus distribution		$ (22,080)	$ (96,881)
Discontinued operations		(189)	(436)
Non-cash items:			
Amortization of property and equipment and deferred development costs		7,639	7,213
Amortization of bond discount and premium		(794)	2,647
Gain on sale of investments		(15,669)	(15,764)
Write-down of investments		699	2,645
		(30,394)	(100,576)
Increase in cash and short-term investments from discontinued operations		59	102
Net change in non-cash balances:			
Due from other insurance companies		887	(1,358)
Accounts receivable		(32,953)	1,389
Deferred policy acquisition costs		3,659	6,257
Reinsurers' share of unearned premiums and unpaid claims		2,166	(16,103)
Due to other insurance companies		3,660	(5,995)
Accounts payable and accrued liabilities		4,743	(263)
Unearned premiums		23,592	27,922
Provision for employee current benefits		516	783
Provision for employee future benefits		9,075	6,355
Provision for unpaid claims		107,635	97,471
		122,980	116,458
		92,645	15,984
Cash Flows from (to) Investing Activities			
Acquisition of property and equipment net of proceeds from disposals		(5,053)	(5,711)
Purchase of investments		(407,661)	(475,065)
Proceeds from sale of investments		353,766	499,956
Deferred development costs incurred		(650)	—
		(59,598)	19,180
Increase in Cash and Short-Term Investments		33,047	35,164
Cash and short-term investments beginning of year		113,119	77,955
Cash and Short-Term Investments end of year	4	$ 146,166	$ 113,119

The accompanying notes are an integral part of these financial statements.

1. Status of the Corporation

The Manitoba Public Insurance Corporation (the "Corporation") was incorporated as a Crown Corporation under The Automobile Insurance Act in 1970. In 1974, The Automobile Insurance Act was revised and became The Manitoba Public Insurance Corporation Act (Chapter A180 of the continuing consolidation of the Statutes of Manitoba). In 1988, the Act was re-enacted in both official languages as Chapter P215 of the Statutes of Manitoba.

Under the provisions of its Act and regulations, the Corporation operates an automobile insurance division and a discontinued general insurance division. The lines of business for the automobile insurance division provide for basic universal compulsory automobile insurance, extension and special risk coverages. For financial accounting purposes, the lines of business for the automobile insurance division and the discontinued general insurance division are regarded as separate operations and their revenues and expenses are allocated on a basis described in the summary of significant accounting policies.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 43(1) of The Manitoba Public Insurance Corporation Act and are presented in accordance with Canadian generally accepted accounting principles.

The external actuary is appointed by the Board of Directors of the Corporation. With respect to preparation of these financial statements, the external actuary is required to carry out a valuation of the policy liabilities and to report thereon to the Corporation's Board of Directors.

The external actuary, in his verification of the information prepared by the Corporation used in the valuation, also uses the work of the external attest auditors.

The external attest auditors are appointed by the Lieutenant Governor in Council to conduct an independent and objective audit of the financial statements of the Corporation in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external attest auditors also make use of the work of the external actuary and his report on the Corporation's policy liabilities. The external attest auditors' report outlines the scope of their audit and their opinion.

3. Summary of Significant Accounting Policies

This summary outlines those accounting policies followed by the Corporation which have a significant effect on the financial statements.

Investments

Funds available for investments are invested by the Department of Finance, on behalf of the Corporation, in accordance with Section 12(1) of The Manitoba Public Insurance Corporation Act.

Investments in bonds are carried at amortized costs. The applicable discounts or premiums are amortized over the life of the bond.

Investments in equities and other investments are carried at cost. Dividends on equity investments are recognized on an accrual basis.

Gains and losses on investments are recognized on the date of sale. Investments are written down to market value when there is a decline in value that is considered other than temporary.

The Corporation has invested in an equity-linked note that is similar to a bond instrument, except for the interest component which is indexed to the Standard & Poor's 500 Composite Stock Price Index. Any interest component arising from changes in the index is recorded currently in the Statement of Operations and Retained Earnings under the heading "Investment income, net".

The Corporation invests in total return swaps as part of its investment strategy to provide limited exposure to certain equity markets. Total return swaps are financial instruments whose value is derived from an underlying financial instrument, product or index. Total return swaps are recorded at fair value at the balance sheet date and presented under the heading "Cash and investments". Any gains or losses arising from changes in fair value are recorded currently in the Statement of Operations and Retained Earnings under the heading "Investment income, net".

Deferred Policy Acquisition Costs

Commissions and premium taxes are deferred and charged to expense over the term of the insurance contract to which such costs relate.

	Note	Years Ended February 28 2003	2002
		(in thousands of dollars)	
Net loss after surplus distribution		$ (22,080)	$ (96,881)
Discontinued operations		(189)	(436)
Non-cash items:			
Amortization of property and equipment and deferred development costs		7,639	7,213
Amortization of bond discount and premium		(794)	2,647
Gain on sale of investments		(15,669)	(15,764)
Write-down of investments		699	2,645
		(30,394)	(100,576)
Increase in cash and short-term investments from discontinued operations		59	102
Net change in non-cash balances:			
Due from other insurance companies		887	(1,358)
Accounts receivable		(32,953)	1,389
Deferred policy acquisition costs		3,659	6,257
Reinsurers' share of unearned premiums and unpaid claims		2,166	(16,103)
Due to other insurance companies		3,660	(5,995)
Accounts payable and accrued liabilities		4,743	(263)
Unearned premiums		23,592	27,922
Provision for employee current benefits		516	783
Provision for employee future benefits		9,075	6,355
Provision for unpaid claims		107,635	97,471
		122,980	116,458
		92,645	15,984
Acquisition of property and equipment net of proceeds from disposals		(5,053)	(5,711)
Purchase of investments		(407,661)	(475,065)
Proceeds from sale of investments		353,766	499,956
Deferred development costs incurred		(650)	—
		(59,598)	19,180
		33,047	35,164
Cash and short-term investments beginning of year		113,119	77,955
		$ 146,166	$ 113,119

The accompanying notes are an integral part of these financial statements.

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis which will amortize the cost of each asset over its estimated useful life.

Land improvements	25 years
Buildings	40 years
Equipment:	
• Data processing	3 years
• Automotive	5 years
• Other	10 years

Leasehold improvements are amortized over the term of the lease plus the first renewal period.

Deferred Development Costs

The costs of developing major information systems which are expected to be of continuing benefit to the Corporation are deferred to future periods. These information system expenditures are stated at cost net of accumulated amortization and are amortized on a straight-line basis over five years.

Unearned Premiums

The liability for unearned premiums is the portion of premiums that relate to the unexpired term of each insurance contract.

Provision for Employee Benefits

Provision for Employee Current Benefits

The provision for employee current benefits includes an accrual for vacation pay determined in accordance with the Collective Agreement.

Provision for Employee Future Benefits

Included in the provision for employee future benefits are the pension benefit plan and other benefit plans.

i) Pension Benefit Plan

The employees of the Corporation are members of a defined benefit pension plan administered under the Civil Service Superannuation Act. Included in the accounts is a provision for the employer's future pension liability calculated on an indexed basis. The provision for pension is actuarially determined on an annual basis using the projected benefit method prorated on services. The actuarial present value of the accrued pension benefits is measured using the Corporation's best estimates based on assumptions relating to market interest rates at the measurement date based on high quality debt instruments, salary changes, withdrawals and mortality rates. Experience gains and losses are amortized over the expected average remaining service life of the employee group.

ii) Other Benefit Plans

Other benefit plans consist of post-retirement extended health and severance pay benefits.

The provision for post-retirement extended health benefits is actuarially determined on an annual basis using the projected benefit method prorated on services, which includes the Corporation's best estimates based on assumptions relating to retirement ages of employees and expected health costs.

Employees of the Corporation are entitled to severance pay in accordance with the Collective Agreement and Corporation policy. The provision for severance pay is actuarially determined on an annual basis using the projected benefit method prorated on services, without salary projection, which includes the Corporation's best estimates based on assumptions relating to the proportion of employees that will ultimately retire. The resulting provision is amortized over the expected average remaining service life of the employee group.

Provision for Unpaid Claims

The provision for unpaid claims represents an estimate for the full amount of all costs, including adjustment expenses, and the projected final settlements of claims incurred to the balance sheet date. These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded as incurred claims in the current period.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claim costs. Expected future subrogation recoveries are included in the provision for unpaid claims.

Premium Deficiencies

A premium deficiency exists when future claims and related expenses exceed unearned premiums. In calculating a premium deficiency, the Corporation recognizes anticipated investment income.

Premium deficiencies are recognized first by writing down the deferred policy acquisition costs with any remainder recognized as a liability.

Allocation of Revenue, Claims Incurred and Expenses

Premiums written, premiums earned and claims incurred are allocated directly to the division writing the insurance risk.

Investment income is allocated to the automobile insurance division lines of business and the discontinued general insurance division based on a monthly averaging of the funds available within each division.

Expenses, including claims expense, are allocated to the automobile insurance division lines of business on the following basis:

ii) Identifiable direct expenses are charged to each line of business.

iii) Where direct allocation is not possible, expenses are prorated to each line of business based mainly on factors such as space, number of employees and time usage. The formulas developed for the allocation of expenses are approved by the Board of Directors.

Reinsurance Ceded

Premiums, claims and expenses are reported net of amounts due to and recoverable from reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims are recorded separately from estimated amounts payable to policyholders.

The reinsurers' share of unearned commissions is recognized as a liability in a manner which is consistent with the method used in determining deferred policy acquisition costs.

The reinsurers' share of unearned premiums is recognized as an asset in a manner which is consistent with the method used in determining the unearned premium liability.

Foreign Currency Translation

Monetary items denominated in foreign currencies are adjusted to reflect the exchange rate in effect at the year-end. Revenue and expense items in foreign currencies are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

Basic Insurance Rate Stabilization Reserve

The basic insurance rate stabilization reserve relates to basic compulsory automobile insurance and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from non-recurring events or factors.

Retained Earnings

Retained earnings are comprised of the accumulation of net income or losses for the extension, special risk and discontinued lines of business.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4. Cash and Investments

	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands of dollars)			
Cash and short-term investments	$ 146,166	$ 146,166	$ 113,119	$ 113,119
Bonds				
Federal	154,840	162,762	133,219	133,020
Manitoba				
Provincial	120,098	125,316	154,163	157,884
Municipal	42,691	42,788	47,400	47,946
Hospitals	15,471	15,490	16,311	16,332
Schools	261,467	261,467	254,907	254,907
Other Provinces	328,046	337,957	247,586	257,485
Corporations	60,356	63,756	86,757	90,418
Equity-linked note	20,000	20,000	20,000	20,000
	1,002,969	1,029,536	960,343	977,992
Other	4,734	4,734	4,237	4,237
Equity investments and total return swaps	124,490	129,895	98,005	110,417
	129,224	134,629	102,242	114,654
	$ 1,278,359	$ 1,310,331	$ 1,175,704	$ 1,205,765

Fair value: for cash and short-term investments, approximates carrying value due to the short-term maturity of these financial instruments.

The fair value of bonds for federal, provincial, certain municipal, other provinces and corporations is estimated based on bid prices of these or similar investments.

The fair value of certain municipal, hospitals, school bonds and other is based on their carrying value which approximates market value.

The fair value of the equity-linked note and equity investments is based upon quoted market values.

The fair value of the portfolio of total return swaps is based upon market prices of the underlying stock market indices at the balance sheet date, net of estimated unwinding costs.

Investment Risk

Investments carry certain financial risks including interest rate, cash flow and credit risk. The Corporation manages these risks through the Investment Committee of the Board, which meets quarterly to discuss strategy. The investment objectives and goals of the Corporation are embodied in an Investment Policy document, which sets target asset allocation and portfolio concentration limits as well as defining the credit quality of the counterparties and the percentage of highly liquid investments required to meet cash flow needs. Credit risk is also managed through the use of master netting agreements in all total return swap contracts. Such agreements provide for the simultaneous close-out and netting of transactions with a counterparty in the event of default.

Significant terms and conditions, exposure to interest rate and credit risks on investments are:

i) Cash and short-term investments

Cash consists of cash net of cheques issued in excess of amounts on deposit. Included in cash and short-term investments are funds held in trust on behalf of other insurance companies in the amount of $5,500,000 (2002 - $3,700,000).

Short-term investments have a total principal amount of $130,897,000 (2002 - $106,280,000) comprised of provincial short-term deposits with effective interest rates of 2.55% to 2.80% (2002 – 1.95% to 2.10%), with interest receivable at varying dates.

ii) Bonds - interest rate risk

	Interest Receivable Basis	2003		2002	
		Effective Rate	Coupon Rate	Effective Rate	Coupon Rate
		% Range		% Range	
Federal	semi-annual	3.58 to 5.44	4.00 to 8.75	2.49 to 5.80	4.00 to 10.00
Provincial	semi-annual	3.23 to 5.93	4.75 to 10.50	3.00 to 6.28	4.75 to 10.50
Municipal	semi-annual	3.45 to 14.06	6.00 to 14.88	3.07 to 16.10	6.00 to 17.50
Hospitals	semi-annual	10.13 to 13.56	10.13 to 13.63	10.13 to 16.00	10.13 to 16.00
Schools	semi-annual	5.66 to 13.95	5.75 to 14.75	5.66 to 14.05	5.75 to 14.75
Corporations	semi-annual	3.25 to 10.20	5.00 to 11.25	2.93 to 8.93	5.00 to 11.25

The Corporation has allocated investments with an average yield of 9.5% (2002 - 10.6%) to maturity to fully fund pre-March 1, 1994 discounted unpaid claims of approximately $25.3 million.

iii) Bonds - maturity profile

2003	Within One Year	One Year to Five Years	After Five Years	Total Carrying Value
	(in thousands of dollars)			
Federal	$ —	$ 26,488	$ 128,352	$ 154,840
Manitoba:				
Provincial	4,371	15,634	100,093	120,098
Municipal	726	5,794	36,171	42,691
Hospitals	79	419	14,973	15,471
Schools	850	15,051	245,566	261,467
Other Provinces	—	33,919	294,127	328,046
Corporations	5,364	8,177	46,815	60,356
	11,390	105,482	866,097	982,969
Equity-linked note	—	20,000	—	20,000
	$ 11,390	$ 125,482	$ 866,097	$ 1,002,969

2002	Within One Year	One Year to Five Years	After Five Years	Total Carrying Value
	(in thousands of dollars)			
Federal	$ 1,006	$ 30,742	$ 101,471	$ 133,219
Manitoba:				
Provincial	—	10,720	143,443	154,163
Municipal	13,503	5,944	27,953	47,400
Hospitals	308	834	15,169	16,311
Schools	23	15,139	239,745	254,907
Other Provinces	—	16,978	230,608	247,586
Corporations	5,007	24,697	57,053	86,757
	19,847	105,054	815,442	940,343
Equity-linked note	—	—	20,000	20,000
	$ 19,847	$ 105,054	$ 835,442	$ 960,343

	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
			(in thousands of dollars)	
Cash and short-term investments	$ 146,166	$ 146,166	$ 113,119	$ 113,119
Bonds				
Federal	154,840	162,762	133,219	133,020
Manitoba				
Provincial	120,098	125,316	154,163	157,884
Municipal	42,691	42,788	47,400	47,946
Hospitals	15,471	15,490	16,311	16,332
Schools	261,467	261,467	254,907	254,907
Other Provinces	328,046	337,957	247,586	257,485
Corporations	60,356	63,756	86,757	90,418
Equity-linked note	20,000	20,000	20,000	20,000
	1,002,969	1,029,536	960,343	977,992
Other	4,734	4,734	4,237	4,237
Equity investments and total return swaps	124,490	129,895	98,005	110,417
	129,224	134,629	102,242	114,654
	$ 1,278,359	$ 1,310,331	$ 1,175,704	$ 1,205,765

i) Cash and short-term investments

ii) Bonds - interest rate risk

		2003		2002	
	Interest Receivable Basis	Effective Rate	Coupon Rate	Effective Rate	Coupon Rate
		% Range		% Range	
Federal	semi-annual	3.58 to 5.44	4.00 to 8.75	2.49 to 5.80	4.00 to 10.00
Provincial	semi-annual	3.23 to 5.93	4.75 to 10.50	3.00 to 6.28	4.75 to 10.50
Municipal	semi-annual	3.45 to 14.06	6.00 to 14.88	3.07 to 16.10	6.00 to 17.50
Hospitals	semi-annual	10.13 to 13.56	10.13 to 13.63	10.13 to 16.00	10.13 to 16.00
Schools	semi-annual	5.66 to 13.95	5.75 to 14.75	5.66 to 14.05	5.75 to 14.75
Corporations	semi-annual	3.25 to 10.20	5.00 to 11.25	2.93 to 8.93	5.00 to 11.25

The Corporation has allocated investments with an average yield of 9.5% (2002 – 10.6%) to maturity to fully fund pre-March 1, 1994 discounted unpaid claims of approximately $25.3 million.

iii) Bonds - maturity profile

2003	Within One Year	One Year to Five Years	After Five Years	Total Carrying Value
		(in thousands of dollars)		
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Manitoba:				
Provincial	4,371	15,634	100,093	120,098
Municipal	726	5,794	36,171	42,691
Hospitals	79	419	14,973	15,471
Schools	850	15,051	245,566	261,467
Other Provinces	—	33,919	294,127	328,046
Corporations	5,364	8,177	46,815	60,356
	11,390	105,482	866,097	982,969
Equity-linked note	—	20,000	—	20,000
	$ 11,390	$ 125,482	$ 866,097	$ 1,002,969

2002	Within One Year	One Year to Five Years	After Five Years	Total Carrying Value
		(in thousands of dollars)		
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Manitoba:				
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Schools	23	15,139	239,745	254,907
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Corporations	5,007	24,697	57,053	86,757
	19,847	105,054	815,442	940,343
Equity-linked note	—	—	20,000	20,000
	$ 19,847	$ 105,054	$ 835,442	$ 960,343

Total Return Swaps

In the normal course of operations, the Corporation enters into total return swaps to provide a return based upon an underlying Canadian and/or USA equity index. The agreements provide that, at predetermined future dates, the Corporation pays a fixed interest amount based upon a notional principal amount and receives a return based upon the underlying equity index.

The notional amounts of total return swaps are not recorded as assets or liabilities on the balance sheet as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged under the contracts. Notional amounts represent the volume of outstanding transactions and do not represent the potential gain or loss associated with market risk or credit risk of such instruments.

At February 28, 2003 the notional amount of total return swaps was $70,387,000 (2002 - $83,124,000). All total return swaps have a residual term to contractual maturity of one year or less.

As at February 28, 2003, the Corporation had a commitment to purchase total return swaps with a notional amount of $44,457,000, to replace total return swaps with a combined notional amount of $45,499,000 that mature March 3 and 5, 2003.

5. Property and Equipment

	2003			2002
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
	(in thousands of dollars)			
Land	$ 2,070	$ —	$ 2,070	$ 1,919
Land improvements	3,769	1,416	2,353	2,402
Buildings	23,315	8,177	15,138	14,840
Equipment	41,697	33,165	8,532	8,022
	70,851	42,758	28,093	27,183
Leasehold improvements	1,644	1,527	117	—
	$ 72,495	$ 44,285	$ 28,210	$ 27,183

6. Provision for Employee Future Benefits

The Corporation has a number of defined benefit plans providing pension and other benefits to eligible employees. The results from the latest valuation as at December 31, 2002 projected to February 28, 2003 and the major assumptions used are as follows:

		Pension Benefit Plan		Other Benefit Plans	
	Note	**2003**	2002	**2003**	2002
Economic assumptions:					
Discount rate		6.00%	6.25%	6.00%	6.25%
Inflation rate		2.75%	2.00%	—	—
Expected salary increase		2.75%	3.00%	—	—
Expected health care cost increase		—	—	4.00%	2.50%
		(in thousands of dollars)			
Plan valuations:					
Present value of plan benefits		$ 93,241	$ 77,486	$ 14,716	$ 12,149
Unamortized actuarial losses		(11,796)	(2,549)	—	—
Provision for employee future benefits		$ 81,445	$ 74,937	$ 14,716	$ 12,149
Financial information:					
Plan expense		$ 8,267	$ 6,975	$ 3,206	$ 1,896
Allocated to investment income	10	(4,648)	(3,876)	—	—
		$ 3,619	$ 3,099	$ 3,206	$ 1,896
Employee contributions		$ 3,544	$ 3,331	$ —	$ —
Benefits/premiums paid		$ 1,758	$ 1,994	$ 640	$ 522

The Corporation has not segregated investment assets to fund the benefit plans. Funding occurs as benefits are paid to employees.

7. Provision for Unpaid Claims

The provision for unpaid claims, including adjustment expenses, represents an estimate for the full amount of all costs and the projected final settlement of claims incurred.

The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

	2003			2002
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Land	$ 2,070	$ —	$ 2,070	$ 1,919
Land improvements	3,769	1,416	2,353	2,402
Buildings	23,315	8,177	15,138	14,840
Equipment	41,697	33,165	8,532	8,022
	70,851	42,758	28,093	27,183
Leasehold improvements	1,644	1,527	117	—
	$ 72,495	$ 44,285	$ 28,210	$ 27,183

	Note	Pension Benefit Plan		Other Benefit Plans	
		2003	2002	**2003**	2002
Discount rate		6.00%	6.25%	6.00%	6.25%
Inflation rate		2.75%	2.00%	—	—
Expected salary increase		2.75%	3.00%	—	—
Expected health care cost increase		—	—	4.00%	2.50%
Present value of plan benefits		$ 93,241	$ 77,486	$ 14,716	$ 12,149
Unamortized actuarial losses		(11,796)	(2,549)	—	—
Provision for employee future benefits		$ 81,445	$ 74,937	$ 14,716	$ 12,149
Plan expense		$ 8,267	$ 6,975	$ 3,206	$ 1,896
Allocated to investment income	10	(4,648)	(3,876)	—	—
		$ 3,619	$ 3,099	$ 3,206	$ 1,896
Employee contributions		$ 3,544	$ 3,331	$ —	$ —
Benefit/premiums paid		$ 1,758	$ 1,994	$ 640	$ 522

The provision for unpaid claims, including adjustment expenses, by major claims category includes:

	2003		2002	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
	(in thousands of dollars)			
Automobile Insurance Division				
Liability	$ 884,900	$ 52,791	$ 782,614	$ 52,352
Physical Damage	89,178	3,866	83,830	9,147
	974,078	56,657	866,444	61,499
Discontinued Operations				
Personal/Commercial	8,817	—	8,998	—
	$ 982,895	$ 56,657	$ 875,442	$ 61,499

The provision for unpaid claims includes $670.9 million (2002 - $562.0 million) in unpaid personal injury protection plan (P.I.P.P.) and pre-P.I.P.P. accident benefits. This provision is discounted to reflect the time value of money using various interest rates as follows:

Benefits	Interest Rate Assumptions
Pre-P.I.P.P. Weekly Indemnity	9.0% for eight years and 3.0% thereafter
Pre-P.I.P.P. Other than weekly indemnity, P.I.P.P. Death and Impairment	By year – 6.40%, 6.05%, 5.70%, 5.35% and 5.00% thereafter
P.I.P.P. Other than death and impairment	3.0%

According to accepted actuarial practice, the discounted reserve includes a provision for adverse deviation of $118.9 million (2002 - $100.0 million) comprised of a claims development component of $67.2 million (2002 - $55.9 million) and an interest rate component of $51.7 million (2002 - $44.1 million).

No catastrophic losses are included in net incurred claims and adjustment expenses during the current fiscal year (2002 – $5.0 million). Catastrophes are an inherent risk to the Corporation and may contribute materially to the year-to-year fluctuations in the Corporation's results of operations and financial condition when they occur.

Unpaid claim liabilities are carried at a value which reflect their remaining estimated ultimate costs for all accident years.

Changes in the estimate of net unpaid claims, for the Automobile Insurance Division, recognized during the fiscal year ended February 28, 2003 for prior years are as follows:

	Accident Years				
	2002	2001	2000	1999 and Prior	Total
	(in thousands of dollars)				
Net unpaid claims (valuation estimate as at February 28, 2002)	$ 228,259	$ 116,018	$ 86,921	$ 371,478	
Net payments for the year	84,757	15,572	9,916	19,446	
	143,502	100,446	77,005	352,032	
Net unpaid claims (revised valuation estimate as at February 28, 2003)	127,714	95,269	66,100	357,530	
(Redundancy) Deficiency	$ (15,788)	$ (5,177)	$ (10,905)	$ 5,498	$ (26,372)
Prior years (redundancy) deficiency		$ (14,012)	$ 2,054	$ 5,671	$ (6,287)

The claims settlement processes may involve the use of structured settlements, which are purchased through various financial institutions. As of the balance sheet date, the present value of expected payments total $112.8 million (2002 - $107.9 million) based on various dates of purchase. The Corporation assumes a financial guarantee to make payments to claimants in the event that financial institutions default on payments under the terms of the structured settlement.

Changes in the estimate of net unpaid claims for discontinued operations recognized during the fiscal year ended February 28, 2003 are $0.2 million (2002 - $0.4 million). All of the net unpaid claims relate to loss dates prior to October 1, 1990.

8. Reinsurance

The Corporation follows the practice of obtaining reinsurance to limit its exposure to losses. Under agreements in effect at February 28, 2003, these reinsurance agreements limit the Corporation's exposure to a maximum amount of $2.0 million (2002 - $2.0 million) on any one occurrence.

The reinsurance arrangements also limit the Corporation's liability in respect to a series of claims arising out of a single occurrence, including catastrophic claims, to a maximum of $6.7 million (2002 - $6.7 million). These arrangements protect the Corporation against losses up to $166.7 million (2002 - $183.3 million).

Certain lines of insurance carry maximum limits lower than these amounts. While these arrangements are made to protect against large losses, the primary liability to the policyholders remains with the Corporation.

The Corporation evaluates the financial condition of its reinsurers to minimize the exposure to significant losses from reinsurer insolvency.

The figures shown in the Statement of Operations and Retained Earnings, excluding discontinued operations, are net of the following amounts relating to reinsurance ceded to other companies:

	2003	2002
	(in thousands of dollars)	
Premiums earned	$ 10,673	$ 14,246
Claims incurred	$ 16,900	$ 24,710

The Corporation holds collateral in regards to unregistered reinsurance in the form of amounts on deposit and letters of credit of $6.1 million (2002 - $5.6 million).

9. Operating Lease Commitments

The Corporation is committed to make minimum annual operating lease payments for buildings and equipment. The minimum annual lease payments required are approximately as follows:

Fiscal Year	Minimum Lease Payments
	(in thousands of dollars)
2004	$ 2,688
2005	$ 2,199
2006	$ 2,169
2007	$ 2,140
2008	$ 2,126

	2003		2002	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
Automobile Insurance Division				
Liability	$ 884,900	$ 52,791	$ 782,614	$ 52,352
All-peril Damage	89,178	3,866	83,830	5,147
	974,078	56,657	866,444	61,499
Discontinued Operations				
Personal Commercial	8,817	—	8,998	—
	$ 982,895	$ 56,657	$ 875,442	$ 61,499

Benefits	Interest Rate Assumptions
Pre-P.I.P.P. Weekly Indemnity	9.0% for eight years and 3.0% thereafter
Pre-P.I.P.P. Other than weekly indemnity, P.I.P.P. Death and Impairment	By year – 6.40%, 6.05%, 5.70%, 5.35% and 5.00% thereafter
P.I.P.P. Other than death and impairment	3.0%

	Accident Years				
	2002	2001	2000	1999 and Prior	Total
Net unpaid claims valuation estimate as at February 28, 2002	$ 228,259	$ 116,018	$ 86,921	$ 371,478	
Net payments for the year	84,757	15,572	9,916	19,446	
	143,502	100,446	77,005	352,032	
Net unpaid claims revised valuation estimate at February 28, 2003	127,714	95,269	66,100	357,530	
(Redundancy) Deficiency	$ (15,788)	$ (5,177)	$ (10,905)	$ 5,498	$ (26,372)
Prior year redundancy (deficiency)		$ (14,012)	$ 2,054	$ 5,671	$ (6,287)

	2003	2002
	(in thousands of dollars)	
Premiums earned	$ 10,673	$ 14,246
Claims incurred	$ 16,900	$ 24,710

Fiscal Year	Minimum Lease Payments
	(in thousands of dollars)
2004	$ 2,688
2005	$ 2,199
2006	$ 2,169
2007	$ 2,140
2008	$ 2,126

10. Investment Income, Net

	Note	2003	2002
		(in thousands of dollars)	
Total investment income		$ 57,580	$ 71,887
Less allocation to:			
Discontinued operations		97	124
Provision for pension benefit plan	6	4,648	3,876
Investment income, net		$ 52,835	$ 67,887

Included in total investment income are cash dividends of $2.3 million (2002 - $1.7 million).

11. Discontinued General Insurance Operations

The Corporation discontinued writing reinsurance assumed business effective November 18, 1987 and personal and commercial insurance policies effective October 1, 1990.

As of February 28, 2001 the Corporation accepted a third party offer to purchase the reinsurance assumed business from the Corporation. Under the terms of the agreement, the Corporation transferred and assigned to the third party the title, interest and all of the obligations resulting from the uncommuted reinsurance assumed treaties written by the Corporation for the period July 1, 1975 to November 18, 1987 including retrocessional treaties. The obligations include all known or unknown liabilities. The primary liability to the treaty holders remains with the Corporation in the event of the third party's insolvency.

Claims costs and expenses on personal and commercial policies will be incurred until all claims on existing policies are settled.

Discontinued operations resulted in a net income of $189,000 in 2003 (2002 - $436,000). Included in the provision for unpaid claims is $8.8 million (2002 - $9.0 million) relating to discontinued operations.

12. Surplus Distribution

On December 4, 2000 the Public Utilities Board of Manitoba approved the Corporation's 2001/2002 Basic Insurance rate application which included a one-time surplus distribution of 16.6% on motor vehicle premiums renewed during the 2001/2002 fiscal year.
The surplus distribution was allocated (from) to the Basic Insurance Rate Stabilization Reserve to the Statement of Operations and Retained Earnings as follows:

	2003	2002
	(in thousands of dollars)	
Surplus distribution	$ 525	$ (80,825)

13. Net Loss from Annual Operations

The lines of business reported net income (loss) from annual operations as follows:

	2003	2002
	(in thousands of dollars)	
Basic insurance	$ (30,135)	$ (11,707)
Extension insurance	3,292	(11,606)
Special risk extension	4,049	6,821
Discontinued operations	189	436
	7,530	(4,349)
Net loss from annual operations	$ (22,605)	$ (16,056)

14. Basic Insurance Rate Stabilization Reserve

	Note	2003	2002
		(in thousands of dollars)	
Balance beginning of year		$ 50,461	$ 142,993
Net loss from annual operations	13	(30,135)	(11,707)
Surplus distribution		525	(80,825)
Transfer from Special Risk Extension		14,515	—
		(15,095)	(92,532)
Balance at end of year		$ 35,366	$ 50,461

15. Retained Earnings

	Note	2003	2002
		(in thousands of dollars)	
Balance beginning of year		$ 83,035	$ 87,384
Net income (loss) for the year	13	7,530	(4,349)
Transfer to Basic Insurance Rate Stabilization Reserve		(14,515)	—
		(6,985)	(4,349)
Balance at end of year		$ 76,050	$ 83,035

16. Transfer of Retained Earnings

Annually on March 1, the Corporation will transfer to the Basic Insurance Rate Stabilization Reserve, retained earnings in excess of the approved target levels from the Special Risk Extension and Extension lines of business. The approved target levels to February 28, 2005, established by the Board of Directors, are:

Transfer Start Date	Line of Business	Target Level
March 1, 2002	Special Risk Extension	$33.0 Million
March 1, 2003	Extension	$39.0 Million

At March 1, 2003 the transfer from Special Risk Extension will approximate $4.0 million (2002 - $14.5 million). No transfer is expected from the Extension line of business.

17. Fair Value Disclosure

The fair value of financial assets and liabilities, other than cash and investments (note 4) and provision for unpaid claims (note 7) approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

18. External Attest Auditor and External Actuary Costs

The Basis of Reporting note (note 2) provides information on the appointment of the external attest auditor and external actuary. In the normal course of business, and in addition to the annual attest audit of the Corporation's financial statements and valuation of policy liabilities, the external attest auditor and external actuary provided advisory services to the Corporation.

Costs incurred for services rendered are:

	2003	2002
	(in thousands of dollars)	
External Attest Auditor		
Attest Audit Fees	$ 103	$ 101
Advisory Fees		
Arthur Andersen LLP	—	117
KPMG LLP	—	105
Total	$ 103	$ 323
External Actuary		
Valuation of Policy Liabilities Fees	$ 70	$ 58
Actuarial Advisory Fees	69	26
Management Advisory Fees	32	81
Total	$ 171	$ 165

19. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year financial statement presentation.

Administrative Offices and Service Centres

North Winnipeg Claim Centre	345 King Street • R2W 5H2 • Fax No. 942-8317
North Central Winnipeg Claim Centre	1103 Pacific Avenue • R3E 1G7 • Fax No. 783-2764
South Central Winnipeg Claim Centre	420 Pembina Highway • R3L 2E9 • Fax No. 284-7675
South Winnipeg Claim Centre	930 St. Mary's Road • R2M 4A8 • Fax No. 254-0308
West Winnipeg Claim Centre	125 King Edward Street East • R3H 0V9 • Fax No. 783-0374
Administrative Office	Box 6300 • R3C 4A4 • 985-7000
Physical Damage Centre	1987 Plessis Road • PO Box 45064
	Regent Postal Outlet • R2C 5C7 • 985-7711
	Commercial Vehicles • 985-7877
	Holding Compound • 985-7766
	Salvage Compound • 985-7944
Casualty and Rehabilitation Claim Centre	Box 6300 • R3C 4A4 • 985-7200
Rehabilitative Case Management Claim Centre	Box 6300 • R3C 4A4 • 985-7200
Bodily Injury Claim Centre	Box 6300 • R3C 4A4 • 985-7000

Winnipeg	985-7000
Outside Winnipeg	1-800-665-2410
Hearing Impaired Line	985-8832

Arborg Claim Centre	323 Sunset Blvd • Box 418 • R0C 0A0 • 326-6633
Beausejour Claim Centre	810 Park Avenue • Box 100A • R0E 0C0 • 268-4250
Brandon Head Office/SRE/Claim Centre	731 - 1st Street • R7A 6C3 • 729-9400 (Head Office/SRE)
	729-9555 (Claim Centre) • 1-800-852-2743 (Brandon rural)
Dauphin Claim Centre	237 Industrial Road • Box 3000 • R7N 2V5 • 622-2750
Portage la Prairie Claim Centre	2007 Saskatchewan Avenue West • Box 1150 • R1N 3J9 • 856-2600
Selkirk Claim Centre	680 Sophia Street • R1A 2K1 • 482-1400
Steinbach Claim Centre	91 North Front Drive • Box 2139 • R0A 2A0 • 326-4453
Winkler Claim Centre	600 Memorial Drive • Box 1990 • R6W 4B7 • 325-9538
Thompson Claim Centre	53 Commercial Place • Box 760 • R8N 1N5 • 677-1400
Flin Flon Claim Centre	8 Timber Lane • Box 250 • R8A 1M9 • 681-2200
Swan River Claim Centre	125 - 4th Avenue North • Box 1959 • R0L 1Z0 • 734-4574
The Pas Claim Centre	424 Fischer Avenue • Box 9100 • R9A 1R5 • 627-2200

	2003	2002
	$ 103	$ 101
		117
		105
	$ 103	$ 323
	$ 70	$ 58
	69	26
	32	81
	$ 171	$ 165

Administrative Offices and Service Centres

Winnipeg Locations

North Winnipeg Claim Centre	445 King Street • R2W 5H2 • Fax No. 942-8317
North Central Winnipeg Claim Centre	1103 Pacific Avenue • R3E 1G7 • Fax No. 783-2764
South Central Winnipeg Claim Centre	420 Pembina Highway • R3L 2E9 • Fax No. 284-7675
South Winnipeg Claim Centre	930 St. Mary's Road • R2M 4A8 • Fax No. 254-0308
West Winnipeg Claim Centre	125 King Edward Street East • R3H 0V9 • Fax No. 783-0374
Administrative Office	Box 6300 • R3C 4A4 • 985-7000
Physical Damage Centre	1981 Plessis Road • PO Box 45064
	Regent Postal Outlet • R2C 5C7 • 985-7771
	Commercial Vehicles • 985-7877
	Holding Compound • 985-7766
	Salvage Compound • 985-7844
Casualty and Rehabilitation Claim Centre	Box 6300 • R3C 4A4 • 985-7200
Rehabilitative Case Management Claim Centre	Box 6300 • R3C 4A4 • 985-7200
Bodily Injury Claim Centre	Box 6300 • R3C 4A4 • 985-7000

The Autopac Line

Winnipeg	985-7000
Outside Winnipeg	1-800-665-2410
Hearing Impaired Line	985-8832

Provincial Locations

Arborg Claim Centre	323 Sunset Blvd. • Box 418 • R0C 0A0 • 376-6633
Beausejour Claim Centre	810 Park Avenue • Box 100A • R0E 0C0 • 268-4250
Brandon Head Office/SRE/Claim Centre	731 - 1st Street • R7A 6C3 • 729-9400 (Head Office/SRE)
	729-9555 (Claim Centre) • 1-800-852-2743 (Brandon rural)
Dauphin Claim Centre	217 Industrial Road • Box 3000 • R7N 2V5 • 622-2750
Portage la Prairie Claim Centre	2007 Saskatchewan Avenue West • Box 1150 • R1N 3J9 • 856-2600
Selkirk Claim Centre	630 Sophia Street • R1A 2K1 • 482-1400
Steinbach Claim Centre	91 North Front Drive • Box 2139 • R0A 2A0 • 326-4453
Winkler Claim Centre	600 Memorial Drive • Box 1990 • R6W 4B7 • 325-9538
Thompson Claim Centre	53 Commercial Place • Box 760 • R8N 1N5 • 677-1400
Flin Flon Claim Centre	8 Timber Lane • Box 250 • R8A 1M9 • 681-2200
Swan River Claim Centre	125 - 4th Avenue North • Box 1959 • R0L 1Z0 • 734-4574
The Pas Claim Centre	424 Fischer Avenue • Box 9100 • R9A 1R5 • 627-2200